
7. BUSINESS OVERVIEW

7.1 OUR HISTORY

Our history began on 20 May 1992 with the formation of a sole proprietorship business named New Tech Machinery by Yeoh Chee Min to venture into the business of trading manual packaging machines such as hand-operated sealing machines and impulse sealers primarily for food manufacturing and processing companies. The venture stemmed from his desire to leverage on his prior experience in procuring packaging machine for his late father's food business involving the trading of dry food products such as coffee powder and curry powder.

Yeoh Chee Min saw vast potential for food packaging machines in Malaysia given the difficulty he faced in procuring them from the local market at that time. He then established another sole proprietorship business named Easy Pack Machinery Trading on 29 August 1992 to take over the business and assets of New Tech Machinery in a corporate name re-branding exercise to better reflect its business of providing easy packaging solution and due to higher enquiries received on packaging machines at that time. In 1993, we expanded our product offerings to include the trading of imported food packaging machines.

On 10 July 1996, EP Machinery was incorporated under the Companies Act, 1965 as a private limited company under the name of Easy Pack Machinery Trading Sdn. Bhd. to take over the sole proprietorship business of Easy Pack Machinery Trading and facilitate the entry of Yeoh Chee Min's spouse and sister, Ooi Kim Kew and Yeoh Choi Goeh @ Yeoh Choi Hwang respectively. The directors and shareholders of Easy Pack Machinery Trading Sdn. Bhd. at that time were Yeoh Chee Min, Ooi Kim Kew and Yeoh Choi Goeh @ Yeoh Choi Hwang with each holding the same equity interest. EP Machinery assumed its present name on 17 February 1997. Yeoh Choi Goeh @ Yeoh Choi Hwang disposed of her remaining shares in EP Machinery to Ooi Kim Kew in 2003.

On 21 November 1998, Yeoh Chee Min and Liew Meng Hooi collaborated via the incorporation of Inovasi Kitchen Specialist Sdn. Bhd. under the Companies Act, 1965 as a private limited company to venture into the business of importing and trading food processing machinery solutions primarily for frozen food manufacturing and processing companies such as poultry processing companies and processed meat manufacturers amongst others. Yeoh Chee Min and Liew Meng Hooi were directors with each holding a 50.0% equity interest in Inovasi Kitchen Specialist Sdn. Bhd. at that time. Liew Meng Hooi is an industry veteran with vast experience and technical know-how in the provision of frozen food processing machinery solutions including the trading of food processing machines particularly for frozen food products such as sausages, nuggets, meat balls and fish balls. With the combined experience and expertise of Yeoh Chee Min and Liew Meng Hooi, Inovasi Kitchen Specialist Sdn. Bhd. expanded our business into frozen food processing machinery solutions. Inovasi Kitchen Specialist Sdn. Bhd. operated its business in Sungai Petani, Kedah. Inovasi Kitchen Specialist Sdn. Bhd. was renamed Bestworld Equipment Sdn. Bhd. on 20 March 2001.

As part of our plan to move up the value chain, we commenced our in-house production and fabrication of food processing and packaging machines through the incorporation of EP Manufacturing under the Companies Act, 1965 as a private limited company on 22 March 1999. The directors and shareholders of EP Manufacturing at that time were Yeoh Chee Min (with 50.0% equity interest) and Wei Chun Ming⁽¹⁾ (with 50.0% equity interest). We began by fabricating small-volume vertical form fill seal machines used for packaging food products such as coffee powder, tea leaves, curry powder and chili sauce. Other machines that we fabricated include product transfer conveyor, liquid dosing system, pick-fill-seal machine and semi-automatic packaging machine. We also began to integrate food packaging machineries from various suppliers to form automated production lines for coffee manufacturers. We rented a double storey shop lot in Butterworth, Penang to house the operations.

On 3 February 2000, EP Machinery KL was incorporated under the Companies Act, 1965 as a private limited company to establish our presence in Kuala Lumpur and support our customers there. The directors and shareholders of EP Machinery KL at that time were Yeoh Chee Min (with 50.0% equity interest) and Chung Theng Siang⁽²⁾ (with 50.0% equity interest). EP Machinery KL operates its business in Subang, Selangor.

7. BUSINESS OVERVIEW (cont'd)

In 2003, EP Manufacturing shifted its operation to a rented single-storey factory with a total built-up area of 7,060 sq ft in Penaga, Penang. As the business of EP Manufacturing expanded, we moved out of the single-storey factory in 2005 and occupied a rented single-storey factory with a higher total built-up area of 15,000 sq ft in Butterworth, Penang.

In 2005, we (through EP Machinery, EP Machinery KL, EP Manufacturing and Bestworld Equipment Sdn. Bhd.) began our transformation into a one-stop provider of food processing and packaging machinery solutions where we started to design, customise, fabricate, integrate and automate food processing and packaging production lines for our food processing and manufacturing customers such as instant coffee and tea manufacturers, condiment manufacturers, confectionery manufacturers, poultry processing companies, and processed meat manufacturers amongst others. We expanded our business to include supplying automated packaging lines and subsequently, processing lines as well; on turnkey basis. Turnkey projects were increasingly in demand as customers seek to automate more functions, minimise human interventions thereby increasing hygiene and increasing efficiency. As part of our turnkey solutions, we provide computer-aided design of the entire production layout based on the available space and processes in accordance with customers' requirements. The resulting production layout can also be converted into three (3)-dimensional model for viewing by customers. Some of our customers included pre-mixed and local Kopi-O coffee, jelly, sauce, sausage, burger patty, biscuits, drinking water, and chocolate manufacturing companies, among others.

In the same year, we established Easy Pack Technology Sdn. Bhd. (now known as EC Trading System Sdn. Bhd.) to venture into the business of fabricating automated food packaging machines and parts. Easy Pack Technology Sdn. Bhd. was incorporated under the Companies Act, 1965 as a private limited company on 9 April 2005. The initial directors and shareholders of Easy Pack Technology Sdn Bhd were Yeoh Chee Min and Lee Seng Wei⁽³⁾ with each holding a 50.0% equity interest in the company. Easy Pack Technology Sdn. Bhd. enjoyed 100% exemption from the payment of income tax for a five (5)-year period from 1 August 2005 to 31 July 2010 after being granted a pioneer status on 13 October 2006. The pioneer status of Easy Pack Technology Sdn. Bhd. was subsequently renewed for another five (5)-year period from 1 August 2010 to 31 July 2015 on 3 December 2010.

EP Machinery also purchased a piece of land (measuring approximately 1.00 acre) and constructed a single-storey factory (with a total built-up area of 14,410 sq ft) together with a double-storey office building in Simpang Ampat, Penang for a total cost of RM3.28 million. We shifted all the business operations of EP Machinery to this property upon its completion in 2007.

In 2005, EP Manufacturing ceased its manufacturing operations to focus on trading of food processing and packaging machines and parts.

In 2011, EP Manufacturing became an inactive company after we decided to cease its business operations. In 2012, EP Manufacturing re-commenced its operations in the trading of food processing and packaging machines and parts, mainly to sell its remaining inventory items.

In 2013, we purchased another piece of land (measuring approximately 2.0 acres) and constructed a single-storey factory (with a total built-up area of 48,012 sq ft) together with a triple-storey office building in Penang Science Park, Penang for a total cost of RM8.63 million to house EP Machinery's business expansion.

Over the years, we had been enhancing our in-house manufacturing and production capabilities by procuring various types of machineries such as CNC machines, laser cutting machines and bending machines to support our food processing and packaging machinery solutions business segment. We had also been improving the level of automation in our food processing and packaging machinery solutions.

In 2014, we expanded vertically by venturing into the business of supplying flexible packaging materials namely packaging films and packaging bags via EP Manufacturing (the principal activities of which were changed from "trading of food processing and packaging machines and parts" to "trading of packaging films"). On 31 December 2014, BW Engineering was incorporated under the Companies Act, 1965 as a private limited company with Yeoh Chee Min

7. BUSINESS OVERVIEW (cont'd)

and Liew Meng Hooi each holding 1 share (representing 50.0% equity interest). Subsequently on 1 December 2015, as part of an internal restructuring exercise, the shares held by Yeoh Chee Min and Liew Meng Hooi were transferred to Bestworld Equipment Sdn. Bhd. whilst the business and operating assets of Bestworld Equipment Sdn. Bhd. were transferred to BW Engineering. Following this exercise, BW Engineering became a wholly-owned subsidiary of Bestworld Equipment Sdn. Bhd. with the latter becoming an investment holding company.

On 29 January 2015, BW Perkasa Labuan was incorporated under the Labuan Companies Act, 1990 as a private limited company to act as an offshore trading and marketing arm of our Group for the international markets. The shareholders and directors of BW Perkasa Labuan at that time were Yeoh Chee Min (with 51.0% equity interest) and Liew Meng Hooi (with 49.0% equity interest).

In 2017, EP Manufacturing commenced in-house manufacturing of flexible packaging materials. In 2018, we expanded our product offerings by venturing into the business of trading cellulose casings, which are used to enclose the filling of sausages.

In 2020, Bestworld Equipment Sdn. Bhd. changed its name to Easy Brew Sdn. Bhd. and subsequently, all its shares in BW Engineering were sold to Yeoh Chee Min (51.0% equity interest) and Liew Meng Hooi (49.0% equity interest). On 9 December 2022, we entered into a SSA with Yeoh Chee Min and Liew Meng Hooi for the Acquisition of BW Engineering. Please refer to Section 6.4.1 of this Prospectus for further details.

Between 2020 and 2021, EP Machinery purchased the food processing and packaging machinery and components amounting to RM2.04 million and property, plant and equipment of Easy Pack Technology Sdn. Bhd. aggregating to RM1.44 million (further details of which as set out in Section 10.1.1 of this Prospectus). As at the LPD, Easy Pack Technology Sdn. Bhd. (now known as EC Trading System Sdn. Bhd.) is dormant and is in the midst of realising its assets and settling its liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.

On 16 June 2021, BW Perkasa UAE was incorporated under the Ras Al Khaimah International Corporate Centre Business Companies Regulations 2018 as a private limited company to act as an offshore trading and marketing arm of our Group for the international markets. At that time, BW Perkasa UAE was a wholly-owned subsidiary of BW Engineering whilst Liew Meng Hooi was the sole director of BW Perkasa UAE. Following the incorporation of BW Perkasa UAE, BW Perkasa Labuan focuses on providing agency and management services.

In 2021, we secured a sales agreement with PT. Wonokoyo Jaya Corporindo of Surabaya, Indonesia to sell to the company at least one 20-foot container for each order which is equivalent to 2,304,000 metres (equivalent to 90,000 sticks as well) of cellulose casings per container with a minimum of forty-five (45) containers for thirty-six (36) months from 1 January 2022 to 31 December 2024.

In 2022, we renewed the distribution agreement with Shandong Vicel of China as distributor of its Vicel Speedy Peel Cellulose Casings in Indonesia. In the same year, we also secured a sales agreement with PT Dagsap Endura Eatore of Java Barat, Indonesia to sell to the company at least one 20-foot container for each order which is equivalent to 2,304,000 metres (equivalent to 90,000 sticks as well) of cellulose casings per container with a minimum of twelve (12) containers for each year, and a minimum of twenty-four (24) containers for twenty-four (24) months from 1 January 2022 to 31 December 2023. The sales agreement with PT Dagsap Endura Eatore has been renewed in 2023 for an additional twenty-four (24) months from 1 January 2024 to 31 December 2025.

In the same year, with the onset of the COVID-19 pandemic and resulting labour shortages, we began to explore the integration of robotic technologies into our food processing and packaging machinery solutions. We have identified an opportunity gap in our industry for the use of more robotic technology given the stringent hygiene requirements for the handling of food products and the pressing challenges faced by food manufacturers in hiring factory workers. The use of robotic technology will help to minimise human interference and address the worker supply gap.

7. BUSINESS OVERVIEW (cont'd)

We began to integrate application of robotic technologies into our food processing and packaging machinery solutions to our customers. We also undertook the Pre-Listing Exercise as part of our Listing for the formation of our Group's structure.

In 2024, we renewed the distribution agreement with Shandong Vicel with some changes to the terms of agreement, to continue as distributor of its Vicel Speedy Peel Cellulose Casings in Indonesia for another twenty-four (24) months from 1 January 2024 to 31 December 2025. The notable changes in the terms of agreement include the reduction of annual sales target and the increase in the number of companies in Indonesia from one (1) company to five (5) companies that the supplier may approach directly and sell to them for their own use or on-sell to an identified company for its own use only where Shandong Vicel shall ensure that these companies do not transfer or resale the products.

As at the LPD, we are an established one-stop provider of food processing and packaging machinery solutions with more than thirty (30) years of operating track records catering to both the Malaysian market and overseas markets particularly Indonesia and the Philippines.

Notes: -

- (1) *Wei Chun Ming transferred all his equity interest in EP Manufacturing to Lee Seng Wei and resigned as a director in 2002.*
- (2) *Chung Theng Siang transferred 3,000 shares (representing 1.00% of equity interest) in EP Machinery KL to Yeoh Chee Min in 2005. Subsequently in 2015, he transferred all his remaining shares (comprising 285,670 shares representing 49.00% of equity interest) in EP Machinery KL to Teoh Joo Han and resigned as a director in the same year.*
- (3) *Lee Seng Wei transferred all his equity interest in Easy Pack Technology Sdn. Bhd. to Yeoh Heok @ Yeoh Yeik Chu and resigned as a director in 2009.*

A summary of our history is as follows: -

1992	<ul style="list-style-type: none"> ○ Our history began on 20 May 1992 with the formation of a sole proprietorship business named New Tech Machinery by Yeoh Chee Min to venture into the business of trading manual packaging machines primarily for food manufacturing and processing companies such as instant coffee and tea manufacturers, condiment manufacturers, and confectionery manufacturers amongst others.
1993 - 1996	<ul style="list-style-type: none"> ○ Expanded our product offerings to include the trading of imported food packaging machines.
1998	<ul style="list-style-type: none"> ○ Expanded our business activities into frozen food processing machinery solutions by venturing into the business of importing and trading food processing machinery solutions primarily for frozen food manufacturing and processing companies such as poultry processing companies and processed meat manufacturers amongst others.
1999	<ul style="list-style-type: none"> ○ Beginning 1999, we commenced our in-house production and fabrication of food processing and packaging machines.
2000	<ul style="list-style-type: none"> ○ Established our presence in Kuala Lumpur through the incorporation of EP Machinery KL.
2005	<ul style="list-style-type: none"> ○ Began transformation into a one-stop provider of food processing and packaging machinery solutions where we started to design, customise, fabricate, integrate and automate food processing and packaging production lines for our food manufacturing customers such as instant coffee and tea manufacturers, condiment manufacturers, confectionery manufacturers, poultry processing companies, and processed meat manufacturers amongst others.

7. BUSINESS OVERVIEW (cont'd)

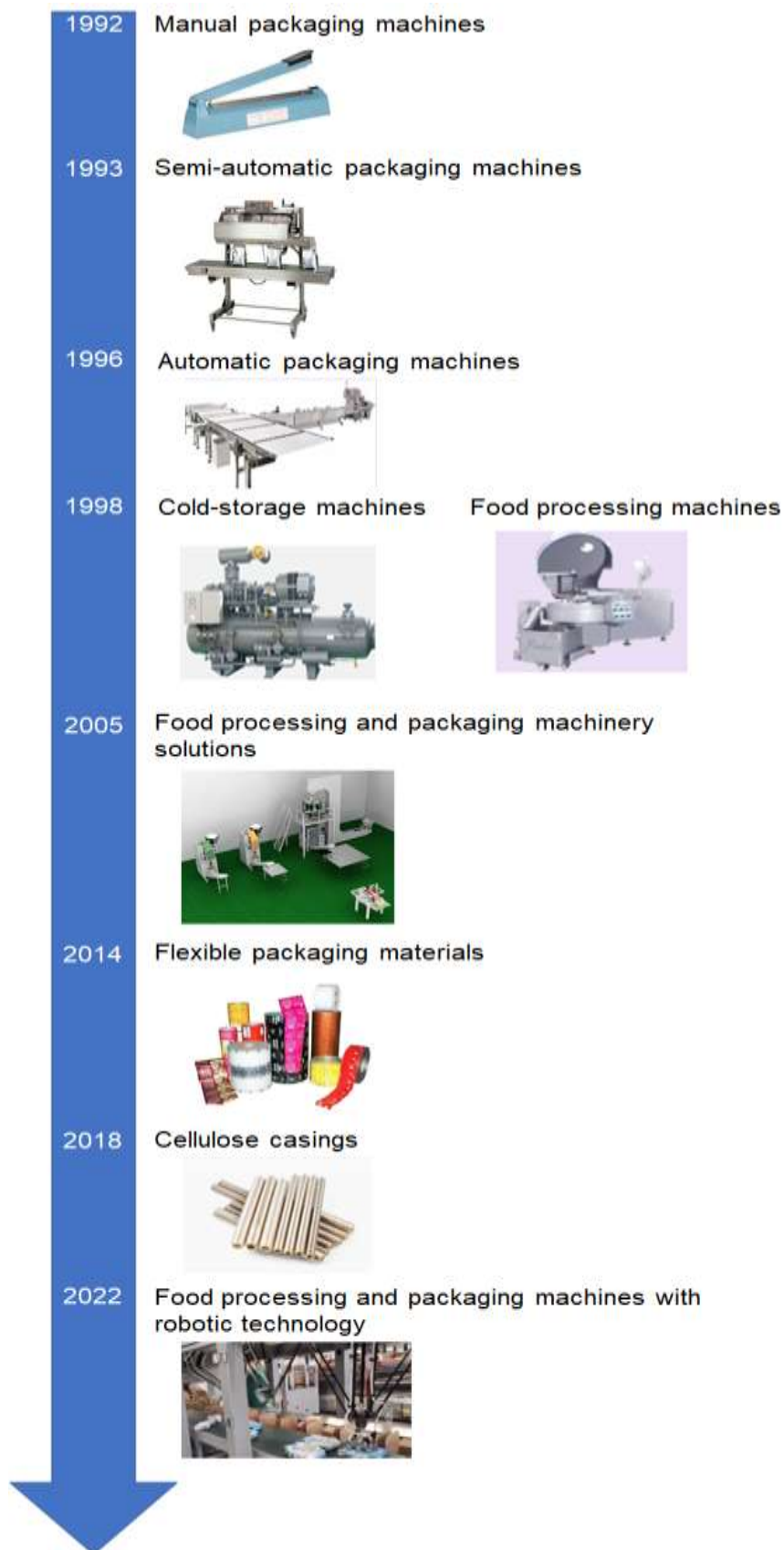
2014	○ Expanded our business activities into the business of supplying flexible packaging materials namely packaging films and packaging bags.
2017	○ Commenced in-house manufacturing of flexible packaging materials.
2018	○ Ventured into the business of trading cellulose casings, which are used to enclose the filling of sausages.
2022	○ Began to integrate application of robotic technologies into our food processing and packaging machinery solutions to our customers.

Over the years, we continue to enhance our production and technical capabilities to meet our customers' expectations. As part of our value-added service offerings, we also help conceptualise and offer recommendations on the factory and plant layout as well as production flows for greater operational efficiency based on our customers' needs.

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7. BUSINESS OVERVIEW (cont'd)

A snapshot on our product offerings over the years are as follows: -



7. BUSINESS OVERVIEW (cont'd)

7.2 DESCRIPTION OF OUR BUSINESS

Our Group is a one-stop provider of food processing and packaging machinery solutions. We are primarily involved in the design, customisation, fabrication, integration and automation of production lines for food manufacturing and processing companies, based on our customers' needs. We are also involved in the trading of cellulose casings, as well as manufacturing and trading of flexible packaging materials.

Our Group is principally involved in: -

- (i) provision of food processing and packaging machinery solutions including industrial robots and related accessories for its customers primarily involved in the food industry and also as laboratory equipment and its related accessories for research purposes;
- (ii) trading of cellulose casings; and
- (iii) manufacturing and trading of flexible packaging materials.

Our business model can be illustrated as follows: -

One-stop provider of food processing and packaging machinery solutions			
Business segment	Provision of food processing and packaging machinery solutions	Trading of cellulose casings	Manufacturing and trading of flexible packaging materials
Activities	✓ Provision of food processing and packaging machinery solutions	✓ Trading of cellulose casings	✓ Manufacturing and trading of flexible packaging materials
Revenue Breakdown in FYE 2023	<ul style="list-style-type: none"> • RM100.54 million • 82.33% of total 	<ul style="list-style-type: none"> • RM14.56 million • 11.92% of total 	<ul style="list-style-type: none"> • RM7.02 million • 5.75% of total
Target Customers	<ul style="list-style-type: none"> ➢ Food manufacturers ➢ Food processing companies ➢ Cold chain logistics providers ➢ Industrial and logistics property owners 	<ul style="list-style-type: none"> ➢ Food manufacturers ➢ Food processing companies 	<ul style="list-style-type: none"> ➢ Food manufacturers ➢ Personal care manufacturers ➢ Pet food manufacturers
Principal Markets in FYE 2023	<ul style="list-style-type: none"> ○ Philippines (RM43.68 million, 35.77% of total revenue) ○ Malaysia (RM37.06 million, 30.35% of total revenue) ○ Indonesia (RM31.52 million, 25.81% of total revenue) 		

For management purposes, our Group is organised into three (3) business segments based on the products and/or services offered, namely food processing and packaging machinery solutions, trading of cellulose casings and manufacturing and trading of flexible packaging materials.

7. BUSINESS OVERVIEW (cont'd)

7.2.1 Food processing and packaging machinery solutions

Under this business segment, we provide food processing and packaging machinery targeting various food products; catering primarily to food manufacturing and processing companies for non-frozen and frozen food products alike. We are primarily involved in the design, customisation, fabrication, integration and automation of production lines for food manufacturing and processing companies, based on our customers' needs.

For our food processing machinery solutions, we offer food processing machinery and components which are used for various food processing operations such as food preparation, physical processing (grinding, mixing), heat processing (cooking, boiling) and preservation (freezing) amongst others. Our food processing machinery solutions involve the integration of in-house and/or third-party food processing machinery to form large-scale automated processing lines.

Some illustrative samples of our food processing machinery solutions are as follows: -



For our food packaging machinery solutions, we integrate in-house and/or third-party food packaging machinery and components ranging from manual to semi-automatic to automatic packaging machines that meet our customers' food packaging requirements to form large-scale automated packaging lines, designed and customised to be compatible to various forms of packaging such as trays, bags, boxes, cans, cartons, and flexible packaging such as sachets, pallets, and wrappers amongst others.

7. BUSINESS OVERVIEW (cont'd)

Some illustrative samples of our food packaging machinery solutions are as follows: -

 <p>Manual packaging machine</p>	 <p>Semi-automatic packaging machine</p>	 <p>Automatic packaging machine</p>
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Our food processing machinery solutions may be integrated with our food packaging machinery solutions to form end-to-end automated production lines for our customers' turnkey food manufacturing and processing needs starting from storage and processing of raw materials to the packaging of the finished food products.

As part of our turnkey solutions, we provide computer-aided design ("CAD") of the production layout, maximising available space for machinery as required by our customers. The resulting CAD can also be converted into a three (3)-dimensional model for customer viewing. We provide our customers with a warranty of up to eighteen (18) months for our food processing and packaging machinery solutions. We also offer after-warranty period maintenance and repair services to our customers. Our food processing and packaging machinery solutions are primarily targeted for food manufacturing and processing companies such as instant coffee and tea manufacturers, condiment manufacturers and confectionery manufacturers amongst others, cold chain logistics providers as well as industrial and logistics property owners.

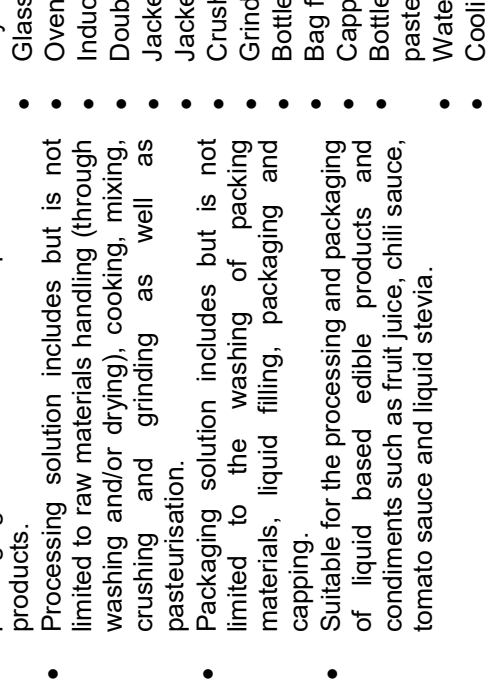
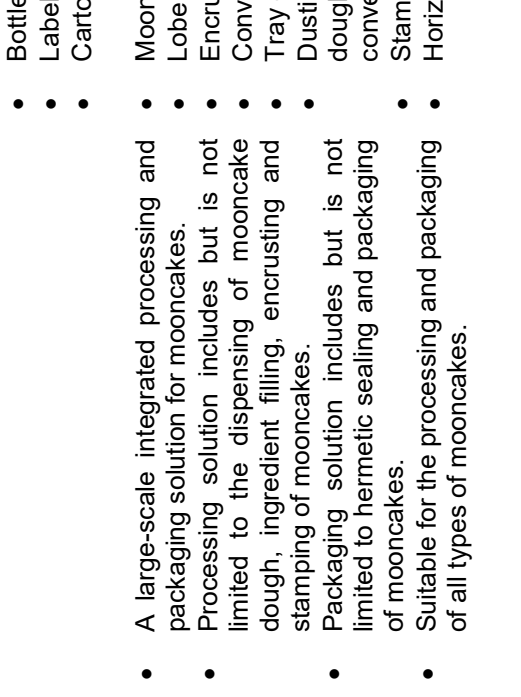
7. BUSINESS OVERVIEW (cont'd)

Key food processing and packaging solutions offered by our Group are as follows: -

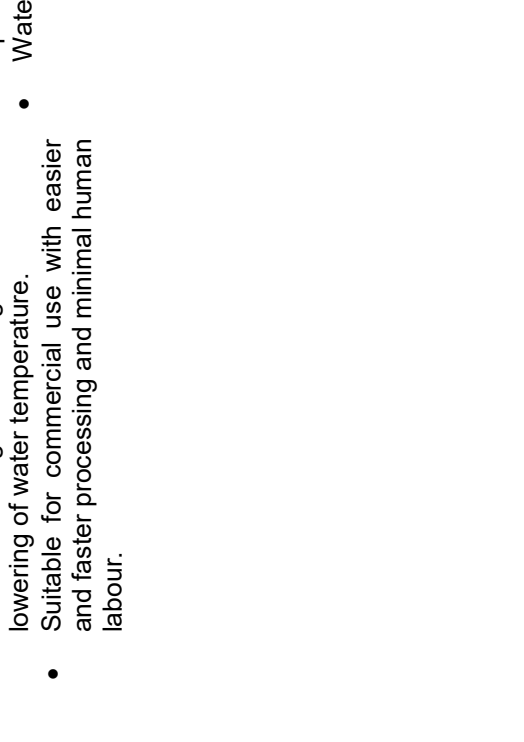
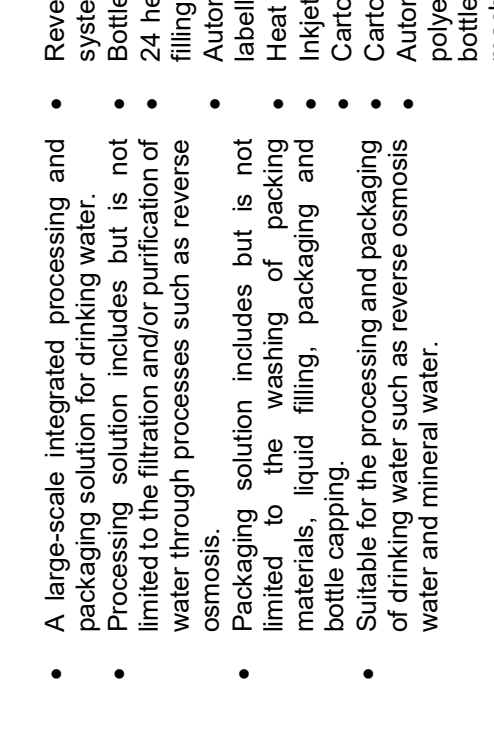
Solution	Description	Notable Machinery, Equipment and/or Parts Involved
Coffee and tea processing and packaging solution	<ul style="list-style-type: none"> • A large-scale integrated processing and packaging solution for coffee and tea. • Processing solution includes but is not limited to the roasting of coffee and tea, cooking and melting of sugar for subsequent mixture with coffee as well as adding and blending of flavour with tea. • Packaging solution includes but is not limited to the filling and packaging of coffee or tea in filter papers, in soft packs (such as 3-side seals and pillow packs) and in vacuum packings. • Suitable for the processing and packaging of coffee and tea in powder form. 	<ul style="list-style-type: none"> • Induction roaster • Coffee roaster • Induction cooker • Ribbon mixer • 3-dimensional mixer • Intermediate bulk container bin blender • Vacuum transfer pump • Transfer conveyor • Bucket lifter • Z conveyor • Air blow conveyor • Take away conveyor • Flat conveyor • Intermediate bulk container bin • Storage tank • Degas tank • Crusher • Grinder • Sieve machine • 4 heads weighing machine • 10 to 16 multi heads weighing machine • Vertical form fill seal machine • Semi-automatic sealing machine • Automatic carton machine • Semi-automatic carton machine • Shrink tunnel




7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machinery, Equipment and/or Parts Involved
<p>Liquid processing and packaging solution</p> 	<ul style="list-style-type: none"> • A large-scale integrated processing and packaging solution for liquid-based products. • Processing solution includes but is not limited to raw materials handling (through washing and/or drying), cooking, mixing, crushing and grinding as well as pasteurisation. • Packaging solution includes but is not limited to the washing of packing materials, liquid filling, packaging and capping. • Suitable for the processing and packaging of liquid based edible products and condiments such as fruit juice, chili sauce, tomato sauce and liquid stevia. 	<ul style="list-style-type: none"> • Automatic washing machine • Drying machine • Glass bottle washing machine • Oven • Induction cooker • Double jacketed tank • Jacketed tank with stirrer • Jacketed tank with shear mixer • Crusher • Grinder • Bottle liquid filling machine • Bag filling and sealing machine • Capping machine • Bottle or bag immersing pasteurisation machine • Water cooling conveyor • Cooling tower • Bottle or bag drying conveyor • Labelling machine • Carton inserting machine
<p>Mooncake processing and packaging solution</p> 	<ul style="list-style-type: none"> • A large-scale integrated processing and packaging solution for mooncakes. • Processing solution includes but is not limited to the dispensing of mooncake dough, ingredient filling, encrusting and stamping of mooncakes. • Packaging solution includes but is not limited to hermetic sealing and packaging of mooncakes. • Suitable for the processing and packaging of all types of mooncakes. 	<ul style="list-style-type: none"> • Mooncake dough dispenser • Lobe pump filling machine • Encrusting machine • Conveyor • Tray dispenser machine • Dusting machine (to prevent the dough from sticking to the conveyor) • Stamping machine • Horizontal flow wrapper

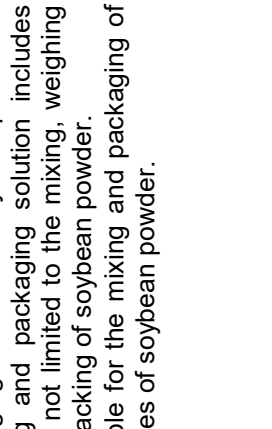
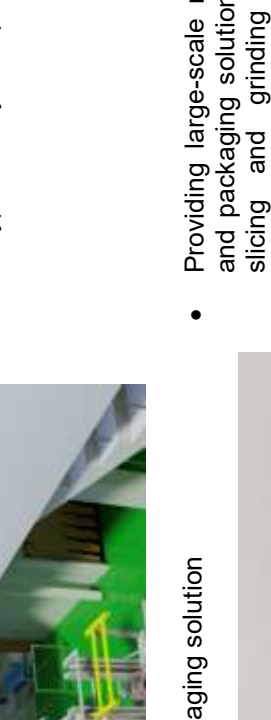
7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machinery, Equipment and/or Parts Involved
<p>Cendol processing solution</p> 	<ul style="list-style-type: none"> • An automatic processing solution for cendol involving the cooking of cendol and lowering of water temperature. • Suitable for commercial use with easier and faster processing and minimal human labour. 	<ul style="list-style-type: none"> • Induction cooker • Specially designed mould • Water chiller conveyor
<p>Drinking water processing and packaging solution</p> 	<ul style="list-style-type: none"> • A large-scale integrated processing and packaging solution for drinking water. • Processing solution includes but is not limited to the filtration and/or purification of water through processes such as reverse osmosis. • Packaging solution includes but is not limited to the washing of packing materials, liquid filling, packaging and bottle capping. • Suitable for the processing and packaging of drinking water such as reverse osmosis water and mineral water. 	<ul style="list-style-type: none"> • Reverse osmosis filtration system • Bottle unscrambler machine • 24 heads 3-in-1 rotary washing, filling and capping machine • Automatic shrink sleeve labelling machine • Heat gun • Inkjet printer • Carton box packing machine • Carton box sealing machine • Automatic 4 cavities polyethylene terephthalate bottle preheat and blowing machine • Automatic 2 cavities polyethylene terephthalate

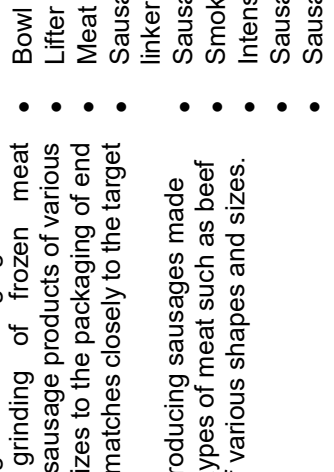

7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machinery, Equipment and/or Parts Involved
<p>Instant coffee mixing and packaging solution</p> 	<ul style="list-style-type: none"> Mixing and packaging solution for instant coffee. Mixing and packaging solution includes but is not limited to the mixing, filling and packaging of instant coffee in sachets, soft packs (such as 3-side seal packs and pillow packs) and in vacuum packings. Suitable for the processing and packaging of all types of instant coffee. 	<p>bottle preheat and blowing machine</p> <ul style="list-style-type: none"> Dryer 2-cavity compressor 4-cavity compressor Carton sealer Ethylene propylene pre-stretch dispenser Cup sealer Roller conveyor Robotic arm palletiser Long collecting conveyor Product collecting conveyor Grouping machine Group packing machine Heavy duty continuous sealing machine Stainless steel working table Screw type air compressor Air dryer with filter Air storage tank Ribbon Mixer 3D Mixer Intermediate bulk container blender Functioning intermediate bulk container bin with external product vibrator Intermediate bulk container bin overhead connector Platform for intermediate bulk container mixing area Platform with guardrails and a ladder for packing machine

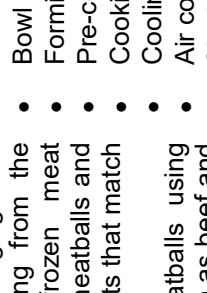

7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machinery, Equipment and/or Parts Involved
<p>Soybean powder mixing and packaging solution</p> 	<ul style="list-style-type: none"> • A large-scale integrated mixing and packaging solution for soybean powder. • Mixing and packaging solution includes but is not limited to the mixing, weighing and packing of soybean powder. • Suitable for the mixing and packaging of all types of soybean powder. 	<ul style="list-style-type: none"> • Lifter for intermediate bulk container bin • Intermediate bulk container system • Weighing machine • Auger filling machine • Carton sealer
<p>Nugget processing and packaging solution</p> 	<ul style="list-style-type: none"> • Providing large-scale nugget processing and packaging solution ranging from the slicing and grinding of frozen meat products into customised shaped nuggets to the packaging of end products that matches closely to the target weight. • Suitable for producing chicken nuggets of various shapes and sizes. 	<ul style="list-style-type: none"> • Meat flaker • Meat grinder • Bowl cutter • Nitrogen mixer • Lifter • Forming machine • Customisable mould • Battering machine • Breading machine • Transport conveyor • Air cooling conveyor • Single or double spiral freezer • Multi-head weigher packaging machine

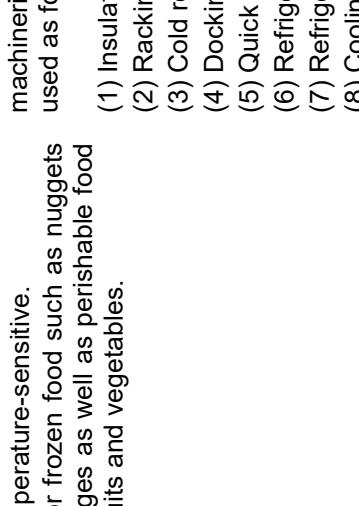
7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machineries, Equipment and/or Parts Involved
<p>Sausage processing and packaging solution</p> 	<ul style="list-style-type: none"> • Providing large-scale sausage processing and packaging solution ranging from the slicing and grinding of frozen meat products into sausage products of various shapes and sizes to the packaging of end products that matches closely to the target weight. • Suitable for producing sausages made from various types of meat such as beef and poultry of various shapes and sizes. 	<ul style="list-style-type: none"> • Meat flaker • Meat grinder • Bowl cutter • Lifter • Meat transfer pump • Sausage filler and sausage linker • Sausage trolley • Smokehouse • Intensive cooling machine • Sausage cutter • Sausage arranging line • Thermoforming machine • Single or double spiral freezer • Multi-head weigher packaging machine
<p>Fried chicken processing and packaging solution</p> 	<ul style="list-style-type: none"> • Providing large-scale processing and packaging solution for fried chicken ranging from the massaging and frying of chicken meats to the packaging of end products that match closely to the target weight. 	<ul style="list-style-type: none"> • Vacuum tumbler • Drum breader or flour machine • Batter mixer • Battering machine • Transport conveyor • Continuous fryer • Air cooling conveyor • Single or double spiral freezer • Multi-head weigher packaging machine

7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machineries, Equipment and/or Parts Involved
<p>Meatball processing and packaging solution</p> 	<ul style="list-style-type: none"> • Providing large-scale processing and packaging solution for turning ground meats into meatballs ranging from the slicing and grinding of frozen meat products to the forming of meatballs and the packaging of end products that match closely to the target weight. • Suitable for producing meatballs using different types of meats such as beef and poultry, and other ingredients such as minced onions and breadcrumbs. 	<ul style="list-style-type: none"> • Meat flaker • Meat grinder • Bowl cutter • Forming machine • Pre-cook machine • Cooking machine • Cooling machine • Air cooling conveyor • Single or double spiral freezer • Multi-head weigher packaging machine
<p>Cold cut processing solution</p> 	<ul style="list-style-type: none"> • Providing large scale processing solution for cold cuts ranging from the slicing and grinding of frozen meat products into cold cooked meats to the vacuum packaging of end products. • Suitable for producing cold cuts made from various types of meat such as beef and poultry of various shapes and sizes. 	<ul style="list-style-type: none"> • Meat flaker • Meat grinder • Bowl cutter • Vacuum filler • Aluminium wire double clipper • Cook pan • Slicer • Single or double chamber vacuum packer

7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machineries, Equipment and/or Parts Involved
<p>Cold storage solution</p> 	<ul style="list-style-type: none"> • Providing storage solution at a low temperature for food that is short shelf life and/or temperature-sensitive. • Suitable for frozen food such as nuggets and sausages as well as perishable food such as fruits and vegetables. 	<p>Please refer to the illustration of the cold storage solution for the machineries, equipment and/or parts used as follows: -</p> <ol style="list-style-type: none"> (1) Insulated panels (2) Racking system (3) Cold room doors (4) Docking facilities (5) Quick freezing equipment (6) Refrigeration compressor (7) Refrigeration control system (8) Cooling tower




For the provision of the key food processing and packaging solutions listed above, we integrate both in-house and third-party food processing and packaging machinery and components to form the large scale, customised food processing and packaging line based on our customers' specifications and requirements.

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7. BUSINESS OVERVIEW (cont'd)

7.2.2 Trading of cellulose casings

Under this business segment, our Group is involved in the trading of cellulose casings which are used mainly in processing and manufacturing of a variety of frozen food products, predominantly in the production of sausage. Cellulose casings are consumables used by frozen food manufacturing and processing companies to shape and protect the meat during the production processes. Key cellulose casings offered by our Group are clear casings, colour transfer casings and printed casings. The different types of cellulose casings offered by our Group are as follows: -

Product	Description
<p>Clear casing</p> 	<ul style="list-style-type: none"> • Transparent casing with high intensity, good flexibility and breathability and resistance to high temperature. • Has an 'easy to peel' option.
<p>Colour transfer casing</p> 	<ul style="list-style-type: none"> • Casing that ensures the finished products have the desired colour appearance. • Colour can be transferred uniformly to the outer surface of the finished products. • Common colours used are red and orange.
<p>Printed casing</p> 	<ul style="list-style-type: none"> • Casing with customised customer-specific printing pattern such as logos, trademarks and brands on one or both sides. • Drive brand awareness.

7. BUSINESS OVERVIEW (cont'd)


7.2.3 Manufacturing and trading of flexible packaging materials

We are also involved in the manufacturing and trading of flexible packaging materials namely packaging films and/or packaging bags. Our manufacturing capabilities include undertaking double-sided gravure printing of up to eight (8) colours, dry lamination, curing and slitting. We trade various types of flexible packaging materials involving more than eight (8) colours, ultraviolet spot, paper or polyethylene laminating materials and special die-cut bags amongst others. Our flexible packaging materials are generally targeted to food manufacturing companies, personal care manufacturers and pet food manufacturers, amongst others.

Key flexible packaging materials offered by our Group are packaging films (rolled form), 3-side seal bags, stand-up bags and gusset bags; as illustrated below: -

Product	Description
<p>Packaging film (rolled form)</p> 	<ul style="list-style-type: none"> • A flexible thin plastic layer (consisting of multiple film layers normally produced through extrusion) that is used for soft packaging. • Suitable for dry food packaging and liquid applications. The rolled flexible packaging film can be loaded onto an automatic packaging machine which will form the packaging film into the desired shape before it is filled with food or liquid products, and then sealed.
<p>3-side seal bag</p> 	<ul style="list-style-type: none"> • A pouch (made of multi-layer materials such as PP, PE and usually aluminium foil) that is sealed on 3 sides leaving 1 side (top or bottom) open for the filling of desired content. • Optional features for 3-side seal bag include hanger hole, press-to-close zipper and tear notch. • Suitable for various products such as liquid, ground coffee, spices, snack food, pet food.
<p>Stand-up bag</p> 	<ul style="list-style-type: none"> • A pouch (made of multi-layer materials such as PP, PE and usually aluminium foil) that is capable of standing erect on its bottom. • Optional features for stand-up pouch include re-sealable zipper, track and spout. • Suitable for solid, liquid or powdered items.

7. BUSINESS OVERVIEW (cont'd)

Product	Description
Gusset bag 	<ul style="list-style-type: none"> A pouch with extra materials on the sides or bottom that expand which allow for expansion of space capacity and strengthened structure. Suitable for bulk items such as nuts and beads as well as bulky items such as baked goods and produce.

As at the LPD and save for our business activities as stated above, we have not introduced any significant products.

7.3 PRINCIPAL MARKETS

During the Financial Years Under Review, the revenue of our Group was derived from our food processing and packaging machinery solutions business segment, trading of cellulose casings business segment, and manufacturing and trading of flexible packaging materials business segment; with the principal markets being Malaysia, Indonesia and the Philippines. Please refer to Section 11.2.2(i) of this Prospectus for further details of the breakdown of our revenue for the Financial Years Under Review.

7.4 REVENUE CONTRIBUTION BY BUSINESS SEGMENTS

Our Group recorded total revenue of approximately RM61.69 million, RM75.72 million, RM89.11 million and RM122.12 million respectively for the Financial Years Under Review. Analysis of our revenue by business segment is as follows: -

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Food processing and packaging machinery solutions	50,985	82.65	60,731	80.21	72,569	81.43	100,537	82.33
Trading of cellulose casings	6,854	11.11	9,737	12.86	11,902	13.36	14,558	11.92
Manufacturing and trading of flexible packaging materials	3,850	6.24	5,249	6.93	4,643	5.21	7,021	5.75
Total	61,689	100.00	75,717	100.00	89,114	100.00	122,116	100.00

7. BUSINESS OVERVIEW (cont'd)

Throughout the Financial Years Under Review, the food processing and packaging machinery solutions segment represents the main revenue contributor to our Group. The segmental revenue breakdown by geographical location is as follows: -

	Food processing and packaging machinery solutions		Trading of cellulose casings		Manufacturing and trading of flexible packaging materials		Total Revenue	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
FYE 2020								
Malaysia	22,494	44.12	56	0.82	3,771	97.95	26,321	42.67
Foreign countries: -								
Indonesia	4,539	8.90	6,798	99.18	-	-	11,337	18.38
Philippines	17,465	34.26	-	-	-	-	17,465	28.31
USA	1,523	2.99	-	-	-	-	1,523	2.47
Myanmar	1,201	2.36	-	-	-	-	1,201	1.95
Others ⁽¹⁾	3,763	7.37	-	-	79	2.05	3,842	6.22
Subtotal	28,491	55.88	6,798	99.18	79	2.05	35,368	57.33
Total	50,985	100.00	6,854	100.00	3,850	100.00	61,689	100.00
FYE 2021								
Malaysia	30,151	49.65	800	8.22	5,054	96.29	36,005	47.55
Foreign countries: -								
Indonesia	11,709	19.28	8,937	91.78	-	-	20,646	27.27
Philippines	12,131	19.97	-	-	-	-	12,131	16.02
USA	648	1.07	-	-	-	-	648	0.86
Myanmar	290	0.48	-	-	-	-	290	0.38
Others ⁽¹⁾	5,802	9.55	-	-	195	3.71	5,997	7.92
Subtotal	30,580	50.35	8,937	91.78	195	3.71	39,712	52.45
Total	60,731	100.00	9,737	100.00	5,249	100.00	75,717	100.00
FYE 2022								
Malaysia	38,892	53.59	-	-	4,525	97.46	43,417	48.72
Foreign countries: -								
Indonesia	20,428	28.15	11,902	100.00	-	-	32,330	36.28
Philippines	8,187	11.28	-	-	-	-	8,187	9.19
USA	138	0.19	-	-	-	-	138	0.15
Myanmar	12	0.02	-	-	96	2.07	108	0.12
Others ⁽¹⁾	4,912	6.77	-	-	22	0.47	4,934	5.54
Subtotal	33,677	46.41	11,902	100.00	118	2.54	45,697	51.28
Total	72,569	100.00	11,902	100.00	4,643	100.00	89,114	100.00
FYE 2023								
Malaysia	32,523	32.35	-	-	4,537	64.62	37,060	30.35
Foreign countries: -								
Indonesia	16,964	16.87	14,558	100.00	-	-	31,522	25.81
Philippines	43,681	43.45	-	-	-	-	43,681	35.77
USA	120	0.12	-	-	-	-	120	0.10
Algeria	-	-	-	-	2,040	29.06	2,040	1.67
Others ⁽¹⁾	7,249	7.21	-	-	444	6.32	7,693	6.30
Subtotal	68,014	67.65	14,558	100.00	2,484	35.38	85,056	69.65
Total	100,537	100.00	14,558	100.00	7,021	100.00	122,116	100.00

Note: -

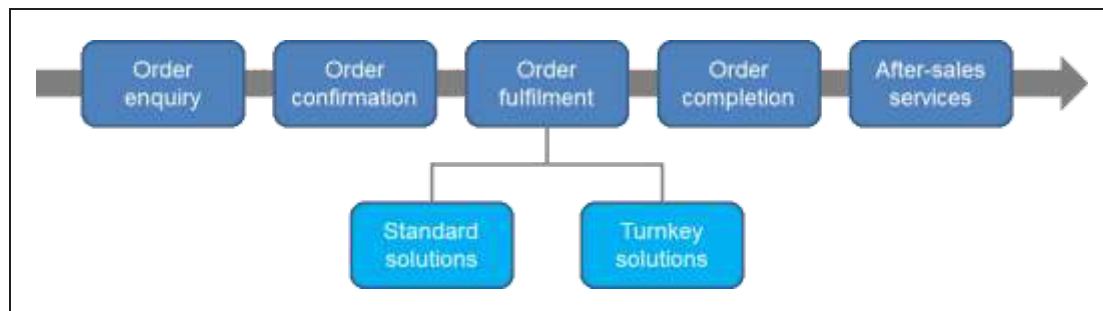
(1) Others consist of Australia, Bahrain, Brunei, Burundi, Canada, Chile, China, Egypt, France, Germany, India, Italy, Kenya, Laos, Liberia, Malawi, Maldives, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Pakistan, Papua New Guinea, Portugal, Qatar, Saudi Arabia, Seychelles, Singapore, Slovakia, South Africa, Sri Lanka, Sweden, Taiwan, Tanzania, Thailand, United Arab Emirates, United Kingdom, Vietnam, Yemen and Zambia.

7. BUSINESS OVERVIEW (cont'd)

7.5 BUSINESS PROCESSES

7.5.1 Provision of food processing and packaging machinery solutions

A general business process for the provision of food processing and packaging machinery solutions to customers involves five (5) stages as follows: -



In general, the provision of food processing and packaging machinery solutions may require up to six (6) months to complete depending on, amongst others, customers' specifications and requirements, site readiness, logistics arrangement and lead time, and the target delivery schedule required by the customers.

Stage 1: Order enquiry

Our sales and marketing personnel will follow-up and engage with potential customers that make enquiries to understand their requirements particularly in terms of types of solution and machinery, specifications (including functional capability), budget range and quantity. We then proceed to prepare and issue the price quotation or proforma invoice to the potential customers and advise them on the estimated timing of delivery and/or installation. A sales contract will be prepared for the customer and/or a purchase order shall be received from the customer.

Stage 2: Order confirmation

An order is confirmed after we receive the signed sales contract, proforma invoice or purchase order from customers including deposit, if any. A sales order will be created, and all the relevant departments involved will be notified and mobilised to fulfil the order.

Stage 3: Order fulfilment

Depending on the type of order involved, order fulfilment can be divided into two (2) different natures namely stand-alone machinery and turnkey solutions as follows: -

(i) Standard solutions

We will retrieve the machinery that are already available in our warehouse, which could be standard machinery sourced from external supplier(s) or internally-fabricated machinery. If we do not have ready stock, we will proceed to place an order with the supplier(s) or carry out the necessary fabrication works internally. Our suppliers generally deliver our order based on the agreed upon terms and specifications.

We will conduct a factory acceptance test on the machinery prior to delivering them to the customers' premises to ensure that they are completed to the required quality and meet all contractual specifications. The successfully tested machinery will be cleaned and packed for delivery. A serial number will be generated and assigned to the machinery.

7. BUSINESS OVERVIEW (cont'd)

The machine(s) will be delivered to our local customers using our own lorry or by engaging logistics service providers. There are also instances where our customers will collect their orders from our premises based on 'ex-factory' prices and arrangements. For overseas customers, the delivery arrangement will be based on the terms agreed with the individual customers.

For the majority of the machine(s) that we purchase from overseas in relation to our standard machinery solutions provided to foreign customers, we will request our overseas suppliers to ship the relevant machines directly to the customers' destination port or designated location based on the terms agreed with customers. The customers will then make arrangement for the clearance and/or transportation of the arriving machines to their premises before further integration, assembly and installation at their premises.

Depending on the specifications and complexity of customers' orders as well as the target delivery schedule, the internal manpower deployed by our Group for the fabrication and installation works as well as testing and commissioning generally range between two (2) and ten (10) persons.

(ii) Turnkey solutions

A sales order meeting will be organised to identify production requirements. A team of mechanical engineers will be deployed to design parts and/or machine modifications required to integrate machines. Purchase orders for all the required machinery, equipment, parts and other inputs will be issued as needed.

We will then proceed to undertake the fabrication works internally. The fabricated parts and components are subsequently assembled and put on a test run to ensure that the machinery and/or integrated machinery work correctly.

After that, we will conduct a factory acceptance test on the machinery prior to delivering them to the customers' premises to ensure that the machines are completed as required. The successfully tested machinery will be cleaned and packed for delivery. A serial number will be generated and assigned to the machinery.

The machine(s) will be delivered to our local customers using our own lorry or by engaging logistics service providers. For overseas customers, the delivery arrangement will be based on the terms agreed with the individual customers.

For the majority of the machine(s) that we purchase from overseas in relation to our turnkey solutions provided to foreign customers, we will request our overseas suppliers to ship the customised machines directly to the customers' destination port or designated location based on the terms agreed with customers. The customers will then make arrangement for the clearance and/or transportation of the arriving machines to their premises before further integration, assembly and installation at their premises.

Depending on the specifications and complexity of customers' orders as well as the target delivery schedule, the internal manpower deployed by our Group for the design, fabrication and installation works as well as testing and commissioning generally range between five (5) and twenty (20) persons.

Stage 4: Order completion

We will send a technical team to our local or overseas customers' premises to undertake the installation of the machinery there and perform commissioning as part of the sales contract or if requested (which will be subject to additional charges). We will provide guidance to their technical personnel in operating the machinery.

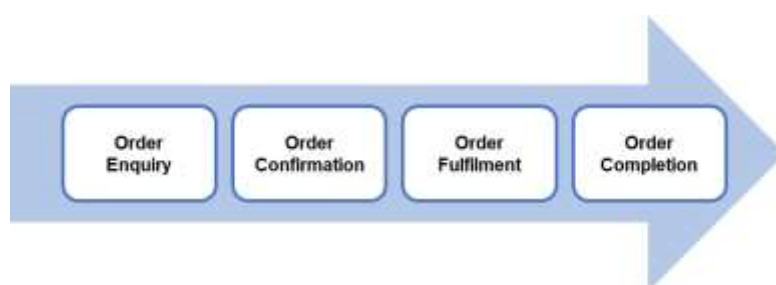
7. BUSINESS OVERVIEW (cont'd)

The invoices are issued to our customers based on the billing schedule agreed, which vary on a case-by-case basis. Depending on the size of order and location of the customer, different credit and payment terms are being adopted. The normal credit terms granted to our customers range from 0 to 180 days. A shorter credit term is being adopted for our overseas customers, as compared to local customers. For larger size orders, we will generally request an advance deposit (up to 50%) from our customers.

Stage 5: After sales services

We offer maintenance and repair services as well as warranty on parts and components to our local or overseas customers for up to between twelve (12) months and eighteen (18) months from the date of sign-off as part of the sales contract or if requested (which will be subject to additional charges). Customers are charged for maintenance and repair service enquiries outside of the warranty period and/or scope.

7.5.2 Trading of cellulose casings



In general, the order for trading of cellulose casings may be completed between one (1) to three (3) months depending on, amongst others, customers' specifications and requirements, volume of order, production lead time, logistics arrangement and lead time, as well as the target delivery schedule required by the customers.

Stage 1: Order enquiry

Our sales and marketing personnel will follow-up and engage with potential customers that make enquiries to understand on their requirements particularly in terms of types of casings, specifications, quantity, grade, ingredients, colour, length and calibre range. We then proceed to prepare and issue the price quotations to the potential customers and advise them on the estimated timing of delivery. A sales contract will be prepared for the customer and/or a purchase order shall be received from the customer.

Stage 2: Order confirmation

An order is confirmed after we receive the signed sales contract, pro forma invoice or purchase order from customer including deposit, if any. A sales order will be created, and all the relevant departments involved will be notified and mobilised to fulfil the order.

Stage 3: Order fulfilment

We then proceed to place an order with the supplier. The supplier delivers our order based on the agreed upon terms and specifications. We request the supplier to ship the ordered cellulose casings directly to the customer's destination port or designated destination based on terms agreed with customer. The customer will make arrangement for the clearance and transportation of the arriving goods to their premises in accordance with the agreed terms.

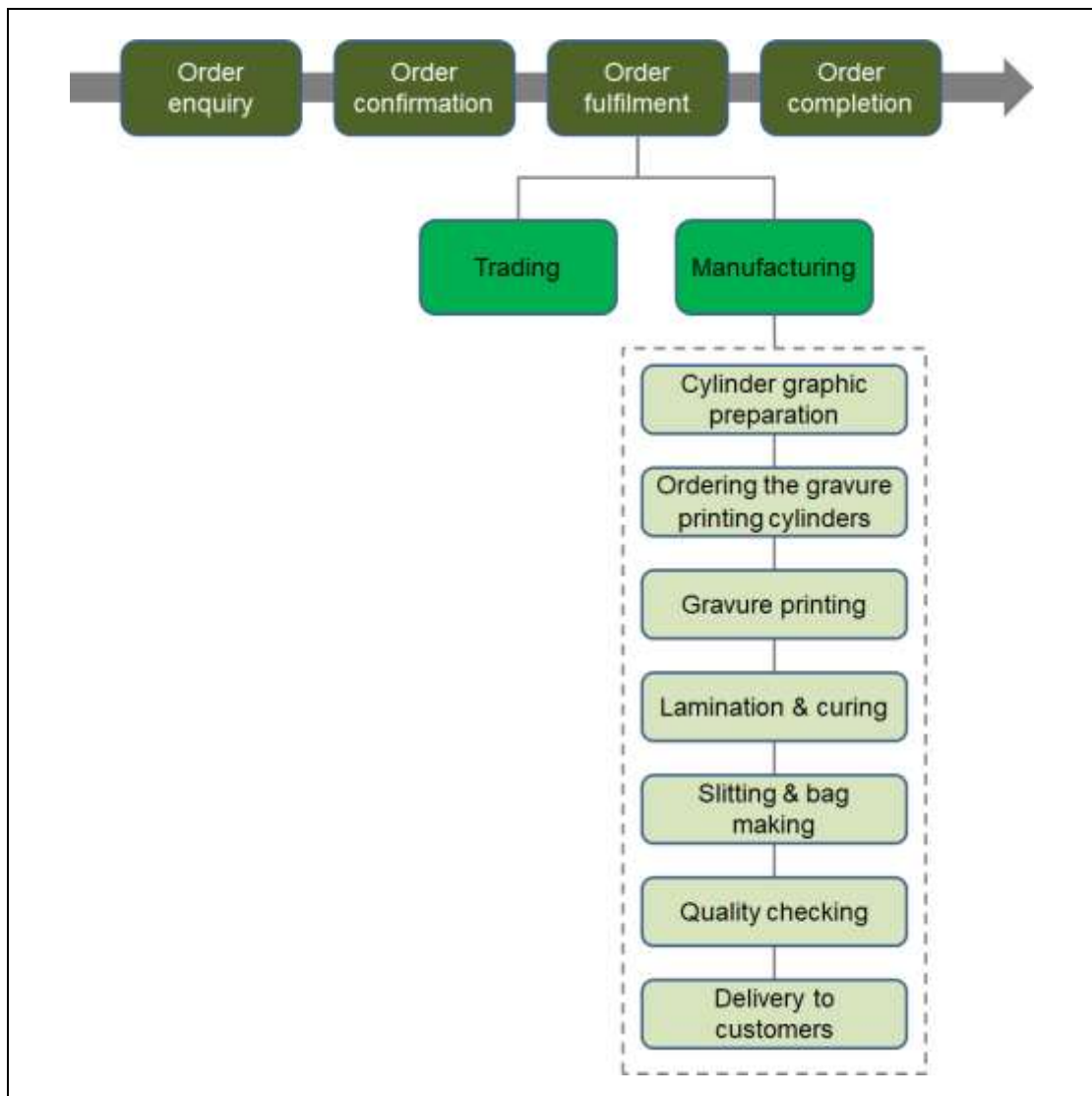
Stage 4: Order completion

Shipping documents such as packing list and commercial invoice will be issued to the customer. Invoice will be issued in accordance with the agreed terms.

7. BUSINESS OVERVIEW (cont'd)

7.5.3 Manufacturing and trading of flexible packaging materials

A general business process for manufacturing and trading of flexible packaging materials involves four (4) stages as follows: -



In general, the order for flexible packaging materials may be completed between one (1) to two (2) months depending on, amongst others, customers' specifications and requirements, volume of order, production lead time, logistics arrangement and lead time, as well as the target delivery schedule required by the customers.

7. BUSINESS OVERVIEW (*cont'd*)

Stage 1: Order enquiry

We will engage with potential customers to understand their requirements particularly in terms of flexible packaging materials and/or packaging bags, budget range, specific functionality, size and quantity. We then proceed to prepare and issue a price quotation to the potential customers and advise them on the estimated timing of product delivery.

Stage 2: Order confirmation

An order is confirmed after we receive the signed sales contract or purchase order including deposit, if any. A sales order will be created, and all the relevant departments involved will be notified and mobilised to fulfil the order.

For packaging materials with specific graphic requirements, the customers will need to provide us with the graphics through an Adobe Illustrator file. We will validate the Adobe Illustrator file to ensure it meets the proper production requirements and create paper proofs (trial impressions of the required graphics on paper), which will be sent to the customers for approval.

Stage 3: Order fulfilment

Depending on the type of order involved, order fulfilment can be divided into two (2) different natures namely trading and manufacturing as follows: -

(i) Trading

We will place an order with the supplier. Our suppliers generally deliver our order based on the agreed upon terms and specifications.

After that, we will conduct a quality check on the flexible packaging materials received prior to delivering them to the customers' premises to ensure that they are completed as required.

The goods will be delivered to our customers using our own lorry or by engaging logistics service providers. There are also instances where our customers will collect their orders from our premises based on 'ex-factory' prices and arrangements.

(ii) Manufacturing

(a) Cylinder graphic preparation

At the initial stage, the graphics used for the printing cylinders will be prepared for customer confirmation. Once the graphics are confirmed, they will be used to make the gravure printing cylinders.

(b) Ordering the gravure printing cylinders

An order of gravure cylinders will be placed with our supplier whereby the supplier will engrave the graphics onto the printing cylinders. There will be one (1) cylinder for each ink colour.

(c) Gravure printing

Our printing machine can undertake reverse gravure printing of up to eight (8) colours and can print on packaging materials such as biaxially-oriented polypropylene films, nylons or polyethylene terephthalate, depending on the requirement of the customers. Gravure printing is an intaglio process in which the graphic to be printed is engraved onto the printing cylinder capable of retaining ink. The engraved graphics will pick up ink and transfer it onto the packaging material layer by layer.

7. BUSINESS OVERVIEW (*cont'd*)

(d) Lamination & curing

We will proceed to bind a thin layer of plastic or aluminium, also known as a laminate, onto the resulting packaging materials to enhance the packaging material depending on the requirements of the customer and the item to be packed. After lamination, the rolls of packaging material will be cured in a curing machine.

(e) Slitting & bag making

The printed and laminated packaging materials are slit to size based on customers' requirements and wound into rolled form. If the packaging materials are required to be turned into packaging bags, we would outsource this process to external parties.

(f) Quality checking

We will undertake quality checks on the final goods.

(g) Delivery to customers

The final packaging materials are packed and delivered to the customers. The goods will be delivered to our customers using our own lorry or by engaging logistics service providers. There are also instances where our customers will collect their orders from our premises based on 'ex-factory' prices and arrangements.

Stage 4: Order completion

For local customers, an invoice and delivery order will be issued upon receiving the acknowledgement of receipt of goods.

For overseas customers, an invoice and packing list will be issued.

7.6 SALES AND MARKETING STRATEGIES

We have our own sales and marketing team and do not utilise any distribution channels in Malaysia as we believe in offering personalised services to our customers as well as approaching our targeted customers through face-to-face communications (personal visits). As at the LPD, our sales and marketing team consists of 13 personnel. Our team of dedicated sales and marketing personnel visit our existing and targeted customers from time to time to drive sales, improve our business relationships, and gather feedback pertaining to our offerings and their needs.

For key overseas markets, namely Indonesia and the Philippines, we engage the services of external sales and marketing agents to drive sales. As at the LPD, we have one (1) agent each for Indonesia (namely, PT Bestworld Perkasa) and the Philippines (namely, Radaire Mechanical and Electrical Engineering Services) respectively. For the FYE 2023, sales to customer identified by our agent in Indonesia and the Philippines amounted to RM7.07 million and RM11.72 million respectively.

Besides offering personalised services and engaging the services of third-party sales agents, our marketing approach and promotional strategies are implemented through various channels as follows: -

7. BUSINESS OVERVIEW (cont'd)

(i) Participation in local and international trade shows and/or exhibitions

We participate in local and international trade shows and exhibitions to promote our products and solicit overseas-based customers and meet up with potential suppliers. Examples of local and international trade show and/or exhibitions that we participated in the past were the Interpack Dusseldorf in Germany (in 2014, 2017 and May 2023), PACK EXPO International in USA (in 2012), PACK EXPO in USA (in 2014), ALL4PACK Paris in France (in 2016), Manufacturing Surabaya in Indonesia (in 2016), ProPak Vietnam (in 2017), Gulfood Manufacturing in United Arab Emirates (in 2018), THAIFEX – World of Food Asia in Thailand (in 2018 and 2019), Malaysia International Machinery Fair (in 2022 and July 2023) and ProPak Philippines (in February 2023 and January 2024); some of which are as illustrated below:



Manufacturing Surabaya (2016)



Interpack Dusseldorf (2017)



Malaysia International Machinery Fair (2022)



Malaysia International Machinery Fair (2023)

7. BUSINESS OVERVIEW (cont'd)

Such participation also enables our Group to keep abreast with latest industry developments, particularly on the competitive landscape of technological trends which can help shape our business strategies.

(ii) Utilisation of online marketing platforms

As at the LPD, we maintain three (3) corporate websites namely <https://www.epb.group>, <https://www.easypack.com.my/> and <https://www.bestworld.com.my/> that provides us online visibility to existing and potential customers who want to know more about us and our product offerings. This allows us to target a large pool of netizens and promote our direct engagement with them. Our online marketing strategy also involves the use of search engine optimisation services that drive unpaid traffic (which is derived from various searches such as image and video searches, news searches and academic searches instead of paying to the search engine providers). Besides that, we also have social media presence on LinkedIn.

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7. BUSINESS OVERVIEW (cont'd)

7.7 MAJOR LICENCES AND PERMITS

Save as disclosed below, as at the LPD, there are no other major licences and permits held by or issued to our subsidiaries in order for our Group to carry out our business operations: -

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
1.	Seberang Perai City Council - EP Machinery	Account No. 51313811705 Licence No. PRI/02/20221227/6898	Licence for manufacturing of packaging machines at Plant 1	Effective Date 10 October 2023 Date of Expiry 31 December 2024	Nil	N/A
2.	MITI - EP Machinery	Licence No. A 021156 Serial No. A 035837	Licence for manufacturing of packaging machines and related modules and components at Plant 1	Effective Date 17 April 2017 ⁽¹⁾	i. Applicable site: PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang, Malaysia (subject to the approval from the relevant state government and the Department of Environment); ii. The sales of EP Machinery's shares must be notified to the MITI and MIDA; iii. EP Machinery shall train Malaysians for technology transfer and expertise can be channelled at all levels of the position; and iv. EP Machinery shall implement its own projects as approved and in accordance with other laws and regulations in place in Malaysia.	Complied Complied Complied Complied
3.	MOF - EP Machinery	Certificate No. K66032913053609116 Reference No. 357-02225805	Registration certificate for; Field Code 130102: Engineering equipment and production machines/machines, workshop equipment and production machines/special machines and equipment; 060501: chemicals, chemical materials and lab equipment, lab equipment with accessories; and 130101: engineering equipment and production machines/machines.	Effective Date 11 August 2023 Date of Expiry 8 October 2026	i. EP Machinery must submit all information within the prescribed period when requested by the MOF; ii. EP Machinery must ensure that the fields and/or areas that have been registered under this certificate do not overlap with the fields that have been approved for any of the following companies: -	Noted Complied

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
			workshop equipment and production machines/machines and workshop equipment.		<p>a. having similar proprietor or board of directors/directors, management and supporting employees; or</p> <p>b. operate on the same premises.</p> <p>iii. Newly registered companies are not allowed to make any changes to the members or directors during the six (6) months' period from the date registered; and</p> <p>iv. EP Machinery must submit an application for renewal of registration three (3) months before the end of the registration period.</p>	Complied
4.	Department of Occupational Safety and Health - EP Machinery	<u>Certificate No.</u> PMT-PP/23 138046	Certificate of fitness for non-flammable pressure vessels	<u>Effective Date</u> 15 December 2023 <u>Date of Expiry</u> 6 March 2025	Subject to the provisions of the Factories and Machinery Act 1967 and of any Regulations made under it and such other terms and conditions specified in it.	Complied
5.	Ministry of Human Resources - EP Machinery	<u>Quota No.</u> KSM/FWCMS/BW4300 00065 <u>Reference No.</u> KSM/100/2023/014904	Conditional Approval on Employment of Foreign Workers	<u>Effective Date</u> 3 March 2023 <u>Date of Expiry</u> 4 September 2024	<p>i. Subject to the legislations below: -</p> <p>a. Employment Act 1955;</p> <p>b. Minimum wages;</p> <p>c. Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990;</p> <p>d. Employees' Social Security Act 1969;</p> <p>e. Other laws, legislations and regulations relating to employment of foreign workers.</p> <p>The foreign workers are allowed to work in category of basis worker ("pekerjaan asas") or operator only, employment of foreign workers in management level or as a manager are not allowed.</p>	Complied

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
6.	Department of Labour Peninsular Malaysia, Ministry of Human Resources - EP Machinery	<p><u>Certificate No.</u> AC/10700/2022/0202</p> <p><u>Reference No.</u> PAC/10702/2022/62658</p>	Certificate of Accommodation ("CoA") for premise at No. 1391, Jalan Welleley, Sungai Bakap, 14200 Sungai Jawi, Pulau Pinang, Malaysia	<p><u>Effective Date</u> 28 June 2022</p> <p><u>Date of Expiry</u> 28 June 2025</p>	<p>i. Not to place more than twenty-four (24) people in the accommodation;</p> <p>ii. Subject to the Employees Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020;</p> <p>iii. Rental or charge for this accommodation is free of charge for all employees;</p> <p>iv. To report employee's occupant in the accommodation within thirty (30) days from the date of occupancy;</p> <p>v. To report on the cessation of the operation of this accommodation at least thirty (30) days before the date of cessation; and</p> <p>vi. To exhibit this CoA at the external wall of the accommodation that is suitable and easy to be identified.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Noted</p> <p>Complied</p>
7.	Department of Labour Peninsular Malaysia, Ministry of Human Resources - EP Machinery	<p><u>Certificate No.</u> AC/10700/2023/0036</p> <p><u>Reference No.</u> PAC/10702/2022/72684</p>	CoA for premise at No. 2681, Jalan Padang Lallang, 14000 Bukit Mertajam, Pulau Pinang, Malaysia	<p><u>Effective Date</u> 4 April 2023</p> <p><u>Date of Expiry</u> 4 April 2026</p>	<p>i. Not to place more than 1110 people in the accommodation;</p> <p>ii. Subject to the Employees Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020;</p> <p>iii. To report on the cessation of the operation of this accommodation at least thirty (30) days before the date of cessation; and;</p> <p>iv. To exhibit this CoA at the external wall of the accommodation that is suitable and easy to be identified.</p>	<p>Complied</p> <p>Complied</p> <p>Noted</p> <p>Complied</p>

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
8.	Royal Malaysian Customs Department - EP Machinery	Reference No. P13-1808-28047968	Certificate of Registration under Section 13 of Sales Tax Act 2018	Effective Date From 1 September 2018 ⁽²⁾	Nil	N/A
9.	Board of Architects Malaysia - EP Machinery	Serial No. LJM/PP/00043	Certificate of Completion and Compliance for premise at PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang, Malaysia	Effective Date 27 October 2022 ⁽²⁾	Nil	N/A
10.	Seberang Perai City Council - EP Machinery	Certificate No. 50/1/2007 Reference No. MPSP 40/30-143/47	Certificate of Completion and Compliance for premise at 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia	Effective Date 30 September 2005 and 21 March 2007 ⁽³⁾	Nil	N/A
11.	Malaysian Fire and Rescue Department - EP Machinery	Licence No. JBPM:PP/7/145/2023	Fire Certificate for premise at Plant 1	Effective Date 19 August 2023 Date of Expiry 18 August 2024 ⁽⁶⁾	<p>i. The licence holder shall not make any changes to the premises that would affect the adequacy of personal safety facilities. In the event the licence holder is planning to make any changes/modifications to the premises which are related to the use of premises as stipulated in this certificate, a notice shall be given to this department together with relevant documents evidencing such plans of modification.</p> <p>ii. To submit an application for the renewal of the fire certificate, 30 days before the expiry date of the fire certificate. If the renewal application is made within 30 days before the expiry date of the fire certificate, a late penalty of RM 100.00 will be charged. If the renewal application is made after the expiry date of the fire certificate, then the application is not allowed and a new application must be made.</p>	<p>Complied</p> <p>Noted</p>
					iii. If the fire certificate is lost or destroyed, must within 14 days from the date of the loss or	Noted

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
12.	Shah Alam City Council - EP Machinery KL	Account No. LOU114420220014 Reference No. MBSA/LS/LS/600-3/1/0254-22	Licence for premise at No. 15, Jalan Pengetua U1/32, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor, Malaysia	<u>Effective Date</u> 28 June 2023 <u>Date of Expiry</u> 14 July 2024 ⁽⁷⁾	destruction notify the authority in writing about the loss or destruction and apply for a replacement certificate by submitting a fee of RM50.00. iv. The fire certificate shall be displayed in a conspicuous place in any part of the premises and shall be available for inspection at any time.	Complied N/A
13.	Seberang Perai City Council - EP Manufacturing	Account No. 51313813958 Licence No. PRI/02/20221227/8385	Licence for printing packaging material for premise at No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia	<u>Effective Date</u> 10 October 2023 <u>Date of Expiry</u> 31 December 2024	Nil	N/A
14.	Ministry of Home Affairs - EP Manufacturing	<u>Serial No.</u> A 051119	Licence for printing machine licence for premise at No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia	<u>Effective Date</u> From 1 August 2022 ⁽⁴⁾	i. This licence must be displayed at easily visible place at the premise where the printing machine is stored/used; ii. The address where the printing licence is stored or kept should not be changed unless the approval from the Minister of Home Affairs has been obtained; iii. The licensee shall be fully responsible for all of its printed materials; iv. Printing machines shall not be used to print any harmful publications or which may be harmful to public order, morals, safety, relationships with any foreign country or government, or which may be contrary to any laws or otherwise is harmful or may be harmful to the interests of public or national interests.	Complied Complied Noted Complied

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
15.	Department of Occupational Safety and Health - EP - Manufacturing	Certificate No.: PMT-PP/23 121743	Certificate of fitness for non-flammable pressure vessels	Effective Date 18 May 2023 Date of Expiry 16 August 2024 ⁽⁸⁾	Subject to the provisions of the Factories and Machinery Act 1967 and of any Regulations made under it and such other terms and conditions specified in it.	Complied
16.	Royal Malaysian Customs Department - EP - Manufacturing	Reference No. P13-1808-28086551	Certificate of Registration under Section 13 of Sales Tax Act 2018	Effective Date 1 September 2018 ⁽²⁾	Nil	N/A
17.	MITI - EP - Manufacturing	Licence No. A 025380 Serial No. A 042106	Licence for manufacturing of packaging film and packaging bag for premise at No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia ⁽⁵⁾	Effective Date From 21 July 2023 ⁽¹⁾	<ul style="list-style-type: none"> i. Applicable site: No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia (subject to the approval from the relevant state government); ii. The sales of EP Manufacturing's shares must be notified to the MITI and MIDA; iii. EP Manufacturing shall train Malaysians for technology transfer and expertise can be channelled at all levels of the position; and iv. EP Manufacturing must adhere to the Capital Investment Per Employee at least RM140,000.00. v. At least 80% of the total workforce of EP Manufacturing must be Malaysians. The employment of foreign workers shall be in accordance with the policy in force at that time. vi. EP Manufacturing must submit information relating to the performance of investment and implementation of project under the Industrial Co-ordination Act 1975 and MIDA Act 1965, as and when requested by MIDA. Failing to submit the information above might result in EP Manufacturing: - 	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Noted</p>

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
18.	Seberang Perai City Council - BW Engineering	Account No. 51312979953 Licence No. PRI/02/20221220/2219	Licence for food processing machine manufacturing at No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Ampat, Pulau Pinang, Malaysia	<u>Effective Date</u> 9 October 2023 <u>Date of Expiry</u> 31 December 2024	<p>(a) commits an offence and liable to fine of not more than RM 1,000.00 or imprisonment of not more than 3 months or to both, and to be liable to further fine of not more than RM500.00 for each and every day of the continuing offence; or</p> <p>(b) commits an offence in the event EP Manufacturing submit information or statement that is false or confusing in details and can be liable to a fine of not exceeding RM 2,000.00 or imprisonment of not more than 6 months or to both.</p> <p>vii. EP Manufacturing shall implement its own projects as approved and in accordance with other laws and regulations in place in Malaysia.</p>	Complied
19.	Pulau Pinang State Health Department - BW Engineering	<u>Licence No.</u> 011505 <u>Registration No.</u> PB0034/2024	Wholesaler's Poisons Licence (Type B Licence) under Poisons Act 1952	<u>Effective Date</u> 1 January 2024 <u>Date of Expiry</u> 31 December 2024	<p>i. The licence holder is allowed to carry on the regulated activity to import, store, and sell by wholesale such poisons (not being Group A Poison) as specified as follows:</p> <p>1. Ammonia (5% and above) at No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia only being the premises on which any sale or use of the poison may be affected, subject to the provisions of the Poisons Act 1952 and of any Regulations made under it and such other terms and conditions specified in it;</p> <p>ii. The licence holder shall only sell or supply the poison stipulated in the licence upon receipt of</p>	Noted Complied

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
20.	Shah Alam City Council - BW Engineering	Account No. LOU114420210019 Reference No. MBSA/LSP/LS/600-3/1/0186	Industrial licence for premise at No. 18, Jalan Pendidik U1/31, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor, Malaysia	Effective Date 19 April 2024 Date of Expiry 14 July 2025	written signed order from the purchaser wholesale of any poison shall not deliver it until receipt of a written order in respect of such sale signed by the purchaser and containing the name and address of the purchaser, the date of the sale, the name and quantity of the poison sold and the purposes for which it is stated by the purchaser to be required; iii. The Licence Holder shall not import or conduct business as a broker or distributor agent save for tender company and company which is recognised by the supplier to be agent; and iv. This licence shall be personal to the licensee named therein and shall not in any case, be transferable to any non-licencee without the approval from the state's Licensing Officer, and no licence shall authorize the sale of any poison by any person other than the person named therein or otherwise than under his personal supervision.	Complied Complied
21.	MITI - BW Engineering	Licence No. A 024537 Serial No. A 040811	Licence for manufacturing of industrial refrigeration for premise at No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia	Effective Date From 20 April 2022 ⁽¹⁾	Nil i. Applicable site: No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia (subject to the approval from the relevant state government and the Department of Environment); ii. The sales of BW Engineering's shares must be notified to the MITI and MIDA; iii. BW Engineering shall train Malaysians for technology transfer and expertise can be channelled at all levels of the position; and	N/A Complied Complied Complied

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
22.	Royal Malaysian Customs Department - BW Engineering	Reference No. P13-1808-28049172	Certificate of Registration under Section 13 of Sales Tax Act 2018	Effective Date From 1 September 2018 ⁽²⁾	<p>iv. BW Engineering must adhere to the Capital Investment Per Employee at least RM140,000.00.</p> <p>v. At least 80% of the total workforce of BW Engineering must be Malaysians. The employment of foreign workers shall be in accordance with the policy in force at that time.</p> <p>vi. BW Engineering must submit information relating to the performance of investment and implementation of project under the Industrial Co-ordination Act 1975 and MIDA Act 1965, as and when requested by MIDA. Failing to submit the information above might result in BW Engineering:</p> <p>(a) commits an offence and liable to fine of not more than RM 1,000.00 or imprisonment of not more than 3 months or to both, and to be liable to further fine of not more than RM500.00 for each and every day of the continuing offence; or</p> <p>(b) commits an offence in the event BW Engineering submit information or statement that is false or confusing in details and can be liable to a fine of not exceeding RM 2,000.00 or imprisonment of not more than 6 months or to both.</p> <p>vii. BW Engineering shall implement its own projects as approved and in accordance with other laws and regulations in place in Malaysia</p>	<p>Complied</p> <p>Complied</p> <p>Noted</p> <p>Complied</p>
				Nil		N/A

7. BUSINESS OVERVIEW (cont'd)



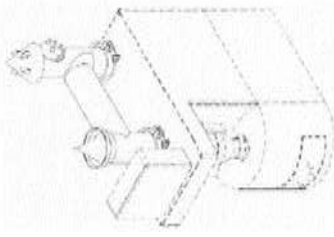
No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
23.	Construction Industry Development Board - BW Engineering	Registration No. 0120170825-PP002903	Certificate of Registration under Part VI of the Construction Industry Development Board Act 1994	<u>Effective Date</u> 2 May 2024 <u>Date of Expiry</u> 20 August 2027	Nil	N/A
24.	Seberang Perai City Council - BW Engineering	<u>Account No.</u> 540167298600892 <u>Licence No.</u> PRI/02/20230106/2787	Licence for warehousing at No. 19, Lorong Asas Jaya 19, Kawasan Industri Ringan Asasjaya, 14000 Bukit Mertajam, Pulau Pinang, Malaysia	<u>Effective Date</u> 10 October 2023 <u>Date of Expiry</u> 31 December 2024	Nil	N/A
25.	Seberang Perai City Council - EPB	<u>Account No.</u> 540169958546040 <u>Licence No.</u> PRI/01/20231208/0205	Licence as an investment holding company at PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang, Malaysia	<u>Effective Date</u> 8 December 2023 <u>Date of Expiry</u> 31 December 2024	Nil	N/A
26.	Department of Occupational Safety and Health - EP Machinery	<u>Certificate No.</u> PMT-PP/24 1395 16	Certificate of fitness for non-flammable pressure vessels	<u>Effective Date</u> 11 January 2024 <u>Date of Expiry</u> 18 March 2025	Subject to the provisions of the Factories and Machinery Act 1967 and of any Regulations made under it and such other terms and conditions specified in it.	Complied

Notes:-



- (1) The licence remains valid until and unless it is being revoked under section 6 of the Industrial Co-ordination Act 1975.
- (2) The licence is valid in perpetuity.
- (3) The licence is valid in perpetuity and there are two (2) building plans involved.
- (4) The licence remains valid until and unless it is being revoked under section 3 of the Printing Presses and Publications Act 1984.
- (5) EP Manufacturing is exempted from a manufacturer's licence to carry out "Packing Film" production activities and "Packing Bag" as based on the audited financial statements for FYE 2022, the shareholders' funds of EP Manufacturing is less than RM2.5 million. EP Manufacturing has voluntarily applied for a manufacturing licence as its shareholders' funds for FYE 2023 is expected to exceed the exemption provisions under the Industrial Coordination Act 1975 (Act 156). EP Manufacturing was issued a manufacturing licence on 21 December 2023.
- (6) The licence has been renewed on 20 June 2024 for the period from 19 August 2024 to 18 August 2025.
- (7) The licence has been renewed on 11 June 2024 for the period from 15 July 2024 to 14 July 2025.
- (8) The licence has been renewed on 14 June 2024 for the period from 17 August 2024 to 10 September 2025.

7. BUSINESS OVERVIEW (cont'd)

7.8 BRAND NAME, TRADE MARK, LICENCE AGREEMENT AND TECHNICAL AGREEMENT

No.	Type of Intellectual Property Rights/ Trademark/Article Name	Issuing Authority	Registered Owner/Registered Proprietor/Applicant	Trademark No./ Registration No./ Application No.	Legal Status/Date of Legal Status/Expiry Date	Class
1.	Trademark 	Intellectual Property Corporation of Malaysia	EP Machinery	Application No. 03004368	<u>Effective Date</u> 15 April 2003 <u>Date of Expiry</u> 15 April 2033	7 ⁽¹⁾
2.	Trademark 	Intellectual Property Corporation of Malaysia	EP Machinery	Application No. 2018064558	<u>Effective Date</u> 25 July 2018 <u>Date of Expiry</u> 25 July 2028	7 ⁽²⁾
3.	Industrial Design Coffee Machine 	Intellectual Property Corporation of Malaysia	EP Machinery	Application No. MY 18-E0041-0101	<u>Effective Date</u> 17 January 2023 <u>Date of Expiry</u> 2 February 2028	3100 ⁽³⁾

7. BUSINESS OVERVIEW (cont'd)

No.	Type of Intellectual Property Rights/ Trademark/Article Name	Issuing Authority	Registered Owner/Registered Proprietor/Applicant	Trademark No./ Registration No./ Application No.	Legal Status/Date of Legal Status/Expiry Date	Class
4.	Trademark 	Intellectual Property Corporation of Malaysia	EPB Group Berhad	Application No. TM2022028274	<u>Effective Date</u> 26 October 2022 <u>Date of Expiry</u> 26 October 2032	36 ⁽⁴⁾
5.	Trademark 	Intellectual Property Corporation of Malaysia	EPB Group Berhad	Application No. TM2023037045 ⁽⁶⁾	<u>Date of Legal Status</u> 17 January 2024	36 ⁽⁵⁾

Notes: -

- (1) Packaging machines; packaging machines for wrapping; packaging machines for gas flushing bags; packaging machines for sealing of bags made from plastics materials; packaging machines for the evacuation of bags and bags made from plastics materials; packaging apparatus; pack assembling machines; pack emptying machines; pack opening machines; packaging machines for goods with strips and wires; packing machines for packing goods with strips and wires; packing machines for tensioning goods with strips and wires; packing machines for web rollers; packing machines using a hoop casing process.
- (2) Packaging machines for food; machines for packaging; machines for manufacturing packaging materials; machines for processing foodstuffs; machines for producing bags; beverage making machines; packaging machines for wrapping; machines for sealing packaging containers; vacuum packaging machines; electrical apparatus for sealing plastics packaging; stretch-wrapping machines for applying plastics material to palletized loads; electric food preparation machines; automatic packing machines for food; bottle capping machines for food and beverages; bottling machines; machines for the preparation of foodstuffs electric kitchen, other than cooking; packing machines; machines for processing plastics; extruding machines; dispensing machines; other than vending machines; combined wire strippers and cutters machines.
- (3) Refers to the class of machines and appliances for preparing food or drink, not elsewhere specified (Note: Not including hand-operated utensils, instruments and appliances for serving or preparing food or drink (Cl. 7)). Class 31-00 refers to 'Machines and Appliances for Preparing Food or Drink, Not Elsewhere Specified'.
- (4) Equity capital investment; financial investment; financial investment analysis and stock research; investment management services; investment portfolio management services; investment trust services; investment trust management; stock investment management; capital investment; capital investment fund management; financial

7. BUSINESS OVERVIEW (cont'd)

investment services in the fields of securities, mutual funds and portfolio management; international fund investment; investment of funds; portfolio management and investment services; funding of product development.

(5) *Asset and portfolio management; capital investment fund management; cash management; credit risk management; financial investment management; financial management and planning; financial management of stocks; financial market risk management; financial portfolio management; financial trust management; funds management; inflation risk management; investment management; management of assets; portfolio management and investment services; wealth management; capital investment; financial investment; international fund investment; investment analysis; investment trust management; funding of product development; management of mutual funds.*

(6) *As at the LPD, the application is under substantive examination by the Intellectual Property Corporation of Malaysia, and has not been formally registered and/or gazetted. Upon registration, our Group intends to use this trademark as the primary corporate logo in its efforts to promote a unified corporate identity for our Group.*

Our Group's business and profitability are not dependent on the intellectual properties listed above. Save and except for item no. 5 above which is pending substantive examination by the Intellectual Property Corporation of Malaysia, the above intellectual properties have been registered with the Intellectual Property Corporation of Malaysia to protect the intellectual property rights of our Group.

7.9 DEPENDENCY ON CONTRACTS, ARRANGEMENTS, LICENCES AND PATENTS

As at the LPD, save for the major licences and permits as set out in Section 7.7 of this Prospectus, our Group is not dependent on any other contracts/arrangements/licences/patents.

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7. BUSINESS OVERVIEW (cont'd)

7.10 PROPERTY, PLANT AND EQUIPMENT

7.10.1 Properties owned by our Group

As at the LPD, the details of the property owned by our Group are as follows: -

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq Ft)	Date of CF/CCC	Date of Sale and Purchase Agreement	Group audited NBV as at 31 December 2023 (RM'000)	Encumbrance
EP Machinery	Title PN11089 (previously known as HSD 61425), Mukim 13, Lot 20457, Seberang Perai Tengah, Pulau Pinang, Malaysia Address PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang, Malaysia	Single-storey factory with three-storey office/ Industrial use and office	A lease of sixty (60) years expiring on 7 July 2074	85,401/61,250	27 October 2022	28 June 2013	7,267	A charge in favour of RHB Bank Berhad created on 24 December 2014 with registration number 0799SC2014047477

7. BUSINESS OVERVIEW (cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq Ft)	Date of CF/CCC	Date of Sale and Purchase Agreement	Group audited NBV as at 31 December 2023 (RM'000)	Encumbrance
EP Machinery	<u>Title</u> PN7228 (previously known as HSD 55919), Mukim 13, Lot.6616, Seberang Peral Tengah, Pulau Pinang, Malaysia <u>Address</u> No. 964 Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia	Single-storey factory with two (2)-storey office/ Industrial use and office	A lease of sixty (60) years expiring on 15 May 2068	43,562/24,038	25 May 2007	22 August 2005	4,493	i. A charge in favour of EON Bank Berhad created on 16 December 2009 with registration number 0799SC2009047934 ii. A charge in favour of EON Bank Berhad created on 16 th December 2009 with registration number 0799SC2009047935 iii. A charge in favour of EON Bank Berhad created on 16 th December 2009 with registration number 0799SC2009047936 iv. A charge in favour of EON Bank Berhad created on 3 rd August 2010 with registration number 0799SC2010026758 v. A charge in favour of Hong Leong Islamic Bank Berhad created on 25 th March 2019 with registration number 0799SC2019007894
						Total	11,760	

As at the LPD, our Board confirms that we have complied with all regulatory requirements and have not experienced any environmental issues which may materially affect our Group's operation and utilisation of the properties owned by our Group as set out above.

7. BUSINESS OVERVIEW (cont'd)

7.10.2 Properties rented by our Group

Landlord/Tenant	Title/Address	Description/ Existing Use	Tenure of Property/ Date of Expiry of Lease	Date of CF/ CCC	Approximate Land/ Built-up Area (Sq Ft)	Annual Rental (RM)
Harvinder Singh A/L Daya Singh/ BW Engineering	<u>Address</u> No. 18, Jalan Pendidik U1/31, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia	One and half (1½)-storey factory/ Office, machinery assembly and storage	1 August 2023 – 31 July 2026 (with option to renew for a further (3) years)	10 July 1997	3,897/4,988	66,000
Koid Aik Cheaw/ BW Engineering	<u>Address</u> No. 19, Lorong Asas Jaya 19, Kawasan Industrial Ringan Asas Jaya, 14000 Bukit Mertajam, Pulau Pinang, Malaysia	One and half (1½)-storey building/ Commercial use	1 August 2022 – 31 July 2024 (with an option to renew for another one (1) year) 1 August 2024 – 31 July 2026 (with an option to renew for another one (1) year)	5 January 2016	7,976/2,482	72,000 79,200
Lim Jun Wei/ EP Machinery	<u>Address</u> No. 37, Lorong Lembah Indah 4, Taman Lembah Indah, 14100 Simpang Ampat, Pulau Pinang, Malaysia	Two (2)-storey terrace house/ Temporary employee accommodation	1 May 2024 – 30 April 2025 (with an option to renew for another one (1) year)	5 May 2016	1,399/2,360	12,000
Universal Best Sdn. Bhd./ EP Machinery	<u>Address</u> No. 2681, Jalan Padang Lallang, 14000 Bukit Mertajam, Pulau Pinang, Malaysia	Hostel/ Female foreign worker accommodation	1 May 2023 – 30 October 2024	26 September 2016	12,240/6,800	4,745
Universal Best Sdn. Bhd./ EP Machinery	<u>Address</u> No. 2681, Jalan Padang Lallang, 14000 Bukit Mertajam, Pulau Pinang, Malaysia	Hostel/ Male foreign worker accommodation	19 January 2024 – 18 July 2024 18 July 2024 – 17 July 2025	26 September 2016	12,240/6,800	7,020 ⁽²⁾ 14,235
Yeoh Chee Min/ EP Machinery KL	<u>Address</u> No. 15, Jalan Pengetua U1/32, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia	One and half (1½)-storey factory/ Office, machinery assembly and storage	1 July 2022 – 30 June 2024 1 July 2024 – 30 June 2025	10 July 1997	3,305/3,784	66,000 66,000
Yeoh Chee Min/ EP Machinery	<u>Address</u> No. 1391, Jalan Wellesley, Sungai Jawi, 14200 Sungai Jawi, Pulau Pinang, Malaysia	Two (2)-storey bungalow/ Male foreign worker accommodation	1 January 2021 – 31 December 2024	17 September 2002	6,426/1,986	24,000

7. BUSINESS OVERVIEW (cont'd)

Landlord/Tenant	Title/Address	Description/ Existing Use	Tenure of Property/ Date of Expiry of Lease	Date of CF/ CCC	Approximate Land/ Built-up Area (Sq Ft)	Annual Rental (RM)
Hans Advisory & Trust Co. Ltd./ BW Perkasa Labuan	Address Room 07, Lot C12, 1 st Floor, Podium Level, Financial Park, Jalan Merdeka, 87000 Labuan F.T., Malaysia.	Office tower/ Office	1 December 2023 – 30 November 2024	23 June 1997	484,484/26.25 ⁽¹⁾	6,000

Notes:-

- (1) *The office rented is a co-working space and the built-up area refers to the area currently occupied by our Group.*
 (2) *The tenure of the tenancy is for a period of six (6) months only. Hence, the amount provided is the total rental for six (6) months.*

As at the LPD, our Board confirms that we are not in breach of any of the relevant land rules and building regulations governing the properties occupied by our Group as set out above.

7.10.3 Material plant and equipment

As at 31 December 2023, our material plant and equipment are as follows: -

Machinery and equipment	Functions	No. of units	Average useful lifespan (years)	Approximate age (years)	NBV as at 31 December 2023 (RM'000)
Gravure printing machine ⁽¹⁾	Gravure (printing) of cylinder	1	10	6	359
CNC machine ⁽²⁾	Milling and lathing metal or plastic parts	3	10	3 - 4	328
Laminating Machine ⁽¹⁾	Laminating of packaging materials	1	10	6	246
Fiber laser cutting machine ⁽²⁾	Laser cutting of sheet metal	1	10	3	198
Rewinding machine ⁽¹⁾	Rewinding on films	1	10	7	43

Notes:-

- (1) *Used in our manufacturing and trading of flexible packaging materials business segment.*
 (2) *Used in our food processing and packaging machinery solutions business segment.*

Based on our accounting policy, the estimated useful life of our machinery is 10 years. Please refer to Note 2.5 of Section 12 of this Prospectus for further details on the estimated useful life of our machinery and equipment.

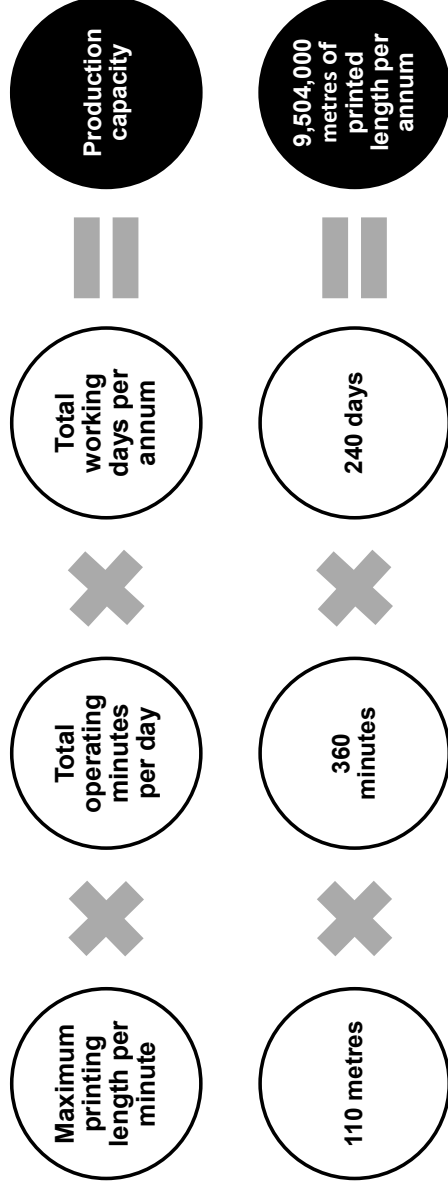
Our policy is to use our machinery and equipment for at least the duration of their estimated useful life. Thereafter, we would consider the ongoing cost of repair and maintenance relative to the costs and benefits of the new machinery and equipment.

7. BUSINESS OVERVIEW (cont'd)

7.10.4 Operating capacities and utilisation rate

Our Group's maximum yearly production capacity and utilisation rates for the manufacture of flexible packaging materials are set out as follows: -

For our flexible packaging materials business segment, we have the capacity to print flexible packaging materials for up to 9,504,000 metres in length per annum. For illustration purpose, we calculate our maximum production capacity for the printing of flexible packaging materials based on the following formula:



Parameters	Details
<ul style="list-style-type: none"> Maximum printing length per minute Total operating minutes per day Total working days per annum 	<ul style="list-style-type: none"> The maximum length of flexible packaging material that can be printed by our machine in a minute. Our production employees work for 6 hours in a day after excluding 2 hours of break time for lunch and prayer. As such, the total operating minutes per day is derived from multiplying 60 minutes with 6 (hours). Our production employees work for 5 days in a week and based on around 4 weeks in a month and 12 months in a year, total working days per annum is equivalent to multiplying 5 days with 4 (weeks) with 12 (months).

7. BUSINESS OVERVIEW (cont'd)

For the FYE 2023, we achieved an annual production capacity utilisation rate of 20.40% for the printing of flexible packaging materials.

Other than the flexible packaging materials business segment, our Group are also involved in two (2) other business segments namely the food processing and packaging machinery solutions and trading of cellulose casings. Conventional measures of production capacity and utilisation rate are not relevant and cannot be applied to the activities for the two (2) other business segments due to their respective nature of business.

The main factors which may impact production/limit the delivery of food processing and packaging machinery solutions to our customers are as follows: -

(i) Availability of floor space required for fabrication and assembly works

The products supplied under our food processing and packaging machinery solutions business segment come in various sizes and scale depending on the complexity of design and customer's specifications and requirements. Our integrated and automated food processing and packaging lines provided under the turnkey solutions are usually larger and more complex in nature in terms of scale and design, and in turn utilises more floor space and requires a longer lead time; as compared to standard-alone machinery provided under the standard solutions. There will be a need to increase the floor space designated for fabrication and assembly activities to cater for our business strategies and future plans as set out in Section 7.20 of this Prospectus.

(ii) Manpower and machinery capacity and capability

The output of food processing and packaging machinery solutions offered by us is dependent on the size and technical expertise of our engineering and production team. They play critical role in the initial design and conceptualisation, assembly and configuration, integration, installation and provision of after sales technical support. As at the LPD, we have a total of 87 engineers, technical and supervisory personnel and production staff. Furthermore, the output and type of our solutions offering are also dependent on the machineries used in our fabrication activities, particularly the CNC and laser cutting machines. As at the LPD, we own three (3) units of CNC machines and one (1) unit of laser cutting machine that are used for the fabrication of necessary metal and plastic components under our food processing and packaging machinery solutions business segment. There will be a need to employ more professionals in relation to the food processing and packaging machinery solutions business segment and enhance the machinery used for fabrication and assembly activities to cater for our business strategies and future plans as set out in Section 7.20 of this Prospectus.

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7. BUSINESS OVERVIEW (cont'd)

7.10.5 Regulatory requirements and environmental issue

As at the LPD, our Group is in compliance in respect of all relevant laws, regulations, rules or requirements governing the conduct of our Group's business and environmental issue which may materially affect our Group's business or operations.

We set out below, an overview of the relevant laws and regulatory requirements governing the conduct of our business and environmental issue, which may materially affect our Group's business or operations: -

(i) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990

Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSHAA") establishes the minimum housing, nurseries and accommodation criteria for employees (and their dependents, if applicable) as well as health, hospital, medical and social amenities to be provided by the employers to their employees.

Section 24F of the EMSHAA provides that an employer or a centralised accommodation provider is required to ensure that every accommodation provided for employees complies with the minimum standards required under the EMSHAA or regulations made thereunder. The requirements include minimum living space standards and a minimum bathroom-to-employee ratio in the workers' accommodation.

Section 24D(1) of the EMSHAA also provides that no accommodation shall be provided (whether as an employer or as a centralised accommodation provider) to an employee unless certified with a CoA from the Director General of Labour, failing which the employer will be liable to a fine not exceeding RM50,000.00 upon conviction.

In compliance with the EMSHAA, our Group has obtained a CoA dated 28 June 2022 for accommodation at 1391, Jalan Wellesley Sungai Jawi, 14200 Sungai Jawi, Pulau Pinang for a period of three (3) years up to 28 June 2025. A CoA dated 4 April 2023 for accommodation at No. 2681, Jalan Padang Lallang, 14000 Bukit Mertajam, Pulau Pinang occupied by our Group's employees has also been obtained by Universal Best Sdn Bhd (being the centralised accommodation provider) for a period of three (3) years up to 4 April 2026.

(ii) Environmental Quality Act 1974

Environmental Quality Act 1974 ("EQA") governs the enforcement of waste disposal and regulates the prevention, abatement, control of pollution and enhancement of the environment.

The EQA regulates the deposit, discharge or disposal of any scheduled wastes on land or into Malaysian waters; receiving or sending, or causing or permitting to be received or sent any scheduled wastes in or out of Malaysia; or transiting or causing or permitting the transit of scheduled wastes. Section 29(2) of the EQA provides that any person who fails to comply with the relevant requirements shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM50,000.00 or to imprisonment for a period not exceeding 5 years or to both.

The EQA further provides that where an offence against the EQA or any regulations made thereunder has been committed by a company, firm, society or other body of persons, any person who at the time of committing the offence is a director, chief executive officer, manager, or other similar officer or a partner of the company, firm, society or other body of persons or was purporting to act in such capacity shall be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that he has exercised all such diligence as to prevent committing the offence as he ought to have exercised having regard to the nature of his functions in that capacity and to all the circumstances.

7. BUSINESS OVERVIEW (cont'd)

As at the LPD, our Group has the necessary licences/permits and/or has engaged the relevant licence holder to carry out the disposal of wastes. The said licences/permits are set out in Section 7.7 of this Prospectus.

(iii) Factories and Machinery Act 1967

The Factories and Machinery Act 1967 (“**FMA**”) governs matters relating to the registration and inspection of machinery as well as safety, health and welfare of person.

Section 19(1) of the FMA provides that no person shall operate or cause or permit to be operated any machinery unless with a valid certificate of fitness issues under the FMA. Any person who fails to obtain a certificate of fitness for the operation of machinery shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM 150,000.00 or to imprisonment for a term not exceeding 3 years or to both.

As at LPD, our Group has the necessary licences/permits to operate machineries. The said licences/permits are set out in Section 7.7 of this Prospectus.

(iv) Local Government Act 1976

The Local Government Act 1976 (“**LGA**”) and the by-laws of the respective local councils and authorities set out the requirements to obtain business and signage licences.

The LGA empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefore. Pursuant to LGA, a person who fails to exhibit or produce his licence on the licensed premises shall be liable to a fine not exceeding RM500.00 or to imprisonment for a term not exceeding 6 months or to both.

As our business premises are located in Penang and Selangor, we come under the jurisdiction of the Seberang Perai City Council and Shah Alam City Council.

As at the LPD, our Group holds and maintains valid business premises licences for all our operating business premises as set out in Section 7.7 of this Prospectus.

(v) Occupational Safety and Health Act 1994

The Occupational Safety and Health Act 1994 (“**OSHA**”) regulates the safety, health and welfare of persons at workplace, protecting others against the risks to safety or health in connection with the activities of persons at workplace.

It is the duty of the employer to ensure, so far as practicable, the safety, health and welfare at work of all his employees, which includes the maintenance of plant and system of work that are safe and without risks to health, the provision of information, instruction, training and supervision that are necessary at work, and the maintenance of working environment as a whole, so as to ensure the adequacy of facilities at work in terms of safety, health and welfare of the employees.

As at the LPD, our Group is in compliance with the OSHA and is not subject to any pending investigation by the National Council for Occupational Safety and Health.

7. BUSINESS OVERVIEW (cont'd)

(vi) Sales Tax Act 2018

Sales Tax Act 2018 (“**STA**”) governs the imposition and collection of sales tax, and for matters connected therewith.

Pursuant to the STA, the term “manufacturer” means a person who engages in the manufacture of goods and the term “manufacture” means, in relation to goods other than petroleum, the conversion by manual or mechanical means of organic or inorganic materials into a new product by changing the size, shape, composition, nature or quality of such materials and includes the assembly of parts into a piece of machinery or other products, but does not include the installation of machinery or equipment for the purpose of construction.

Any manufacturer who is under a duty to register shall apply to the Director General of Customs and Excise for registration as a registered manufacturer. Failure to register commits an offence and shall, on conviction, be liable to a fine not exceeding RM30,000.00 or to imprisonment for a term not exceeding 2 years or to both.

As at the LPD, our Group holds the Certificate of Registration under Section 13 of STA 2018 as set out in Section 7.7 of this Prospectus.

(vii) Street, Drainage and Building Act 1974

Street, Drainage and Building Act 1974 (“**SDBA**”) and the by-laws enacted by the relevant state government govern the matters relating to street, drainage and building in local authority areas in Peninsular Malaysia.

The SDBA was implemented by the local authorities of Peninsular Malaysia and it stipulates that every building or part of a building must have a Certificate of Completion and Compliance (“**CCC**”) before it may be occupied.

Under the Uniform Building By-Laws 1984 (“**UBBL**”) which was issued pursuant to the SDBA, a CCC will only be issued by the local authority upon receipt of certification in relevant forms by a qualified person i.e. an architect, registered building draughtsman or engineer.

To the best of their knowledge, a qualified person must be satisfied that: (i) the relevant building has been constructed in accordance to UBBL; (ii) any conditions imposed by the local authority have been satisfied; (iii) all essential services have been provided; and (iv) responsibilities have been accepted for the portions that are being concerned with.

Pursuant to the SDBA, a person who occupies a premise without a CCC is subject to a fine of up to RM250,000.00 or to imprisonment for a term of up to 10 years, or to both.

As at the LPD, our owned properties have a record of validly obtained CCC.

The above summary does not purport to be an exhaustive description of all laws and regulations of which our Group is subject to. For information purposes, some other common laws and regulatory requirements governing the conduct of our business and environmental issue are as follows: -

- (i) Bank Negara Malaysia (“**BNM**”) Notices on Foreign Exchange Policy which set out the approvals of the BNM for transactions which otherwise are prohibited under section 214(2) read together with schedule 14 of the Financial Services Act 2013 and section 225(2) read together with schedule 14 of the Islamic Financial Services Act 2013; and requirements, restrictions and conditions of the approvals aforementioned;
- (ii) Customs Act 1967 and regulations made thereunder provide for the procedures and measures applied by officers of customs before the release of goods and the customs duty leviable thereon;

7. BUSINESS OVERVIEW (cont'd)

- (iii) Companies Act 2016 which provides for the registration, administration and dissolution of companies and corporations and to provide for related matters thereon;
- (iv) Employees' Social Security Act 1969;
- (v) Employment Act 1955 governing employment laws in Peninsular Malaysia;
- (vi) Employment Insurance System Act 2017 which provides for the Employment Insurance System administered by the Social Security Organization to provide certain benefits and a re-employment placement programme for insured persons in the event of loss of employment which will promote active labour market policies, and for matters connected therewith;
- (vii) Employees Provident Fund Act 1991 which provides for the law relating to a scheme of savings for employees' retirement and the management of savings for retirement purposes and matters incidental thereto;
- (viii) Industrial Relations Act 1967 which provides for the regulation of the relations between employers and workmen and their trade unions and the prevention and settlement of any differences or disputes arising from their relationship and generally to deal with trade disputes and matters arising therefrom;
- (ix) Immigration Act 1959/63 which governs the admission and departure from Malaysia;
- (x) Labuan Companies Act 1990 which provides for the incorporation, registration and administration of Labuan companies and foreign Labuan companies and for matters connected therewith;
- (xi) Income Tax Act 1967 and the prevailing taxation policies in Malaysia;
- (xii) National Land Code 1965 governing the administration of land matters in Peninsular Malaysia;
- (xiii) Passports Act 1966 which regulates the possession and production of travel documents by persons entering or leaving Malaysia and matters connected therewith;
- (xiv) Poison Act 1952 which regulates the import, possession, manufacture, compounding, storage, transportation, sale and use of poisons;
- (xv) Sale of Goods Act 1957 governing the sale of goods;
- (xvi) Service Tax Act 2018 which governs the imposition and collection of service tax, and for matters connected therewith; and
- (xvii) Town and Country Planning Act 1976 which regulates the planning of development and use of all lands and buildings within the area of every local authority in Peninsular Malaysia.

Save as disclosed below, as at the date of the registration of this Prospectus, there are no other regulatory audits or inspections by regulatory authorities: -

- (a) BW Engineering
 - The company has received a letter dated 18 January 2024 from the Inland Revenue Board of Malaysia ("IRB") in relation to the request for documentation under "Kaedah-Kaedah Cukai Pendapatan (Potongan Daripada Saraan) 1994" for years 2020 and 2021 pertaining to the monthly tax deduction from salary of employees. The relevant documents have been submitted on 21 February 2024. On 27 March 2024, IRB had informed BW Engineering that based on its review, the company did not fully comply with "Kaedah-Kaedah Cukai Pendapatan (Potongan Daripada Saraan) 1994" in respect of its calculation on the monthly tax

7. BUSINESS OVERVIEW (cont'd)

deduction from salary of employees for year 2021. Hence, the company was compounded RM200. The company has paid the compound of RM200 on 3 April 2024. Based on the above, the matter is deemed closed.

- The company has received a letter from the IRB dated 9 May 2023 requesting for some documents for the years of assessment 2019, 2020 and 2021 due to a routine audit by the IRB. The company has submitted the relevant documents to the IRB on 29 May 2023. On 21 June 2024, the company received a letter from the IRB requesting for additional documents for IRB's further review. The company is in the midst of preparing the relevant documents to be submitted to the IRB. As at the date of the registration of this Prospectus, the company is still pending the clearance from the IRB.

(b) BW Perkasa Labuan

The company has received a letter dated 3 November 2022 from the IRB in relation to the request for documentation under "Kaedah-Kaedah Cukai Pendapatan (Potongan Daripada Saraan) 1994" for years 2019 and 2020 pertaining to the monthly tax deduction from salary of employees. The documents were submitted to IRB on 17 November 2022 and 1 December 2022 respectively, however, on 29 February 2024, the Company received a notice from the IRB (dated 15 February 2024) that it did not receive any feedback on the documentation requested earlier. The company had subsequently re-submitted the documents to the IRB and on 15 March 2024, the IRB had acknowledged receipt of the relevant documents. The IRB had, vide its letter dated 29 April 2024, informed that based on the audit review for years 2019 and 2020 pertaining to the monthly tax deduction from salary of employees pursuant to Section 107 of the Income Tax Act 1967, the IRB has concluded that BW Perkasa Labuan has complied with the rules under "Kaedah-Kaedah Cukai Pendapatan (Potongan Daripada Saraan) 1994". Based on the above, the matter is deemed closed.

(c) EP Machinery

The company has received a letter from the Royal Malaysian Customs Department ("RMCD") dated 12 September 2023 requesting for some documents/records for audit purposes. The RMCD had, vide its letter dated 2 January 2024, informed that based on the audit assessment period from November 2022 up to October 2023, they have concluded that the accounts for EP Machinery have been maintained in a neat and orderly manner. Based on the above, the matter is deemed closed.

(d) EP Machinery KL

- The company has received a letter dated 18 July 2022 from the IRB in relation to the request for documentation under "Kaedah-Kaedah Cukai Pendapatan (Potongan Daripada Saraan) 1994" for years 2019 and 2020 pertaining to the monthly tax deduction from salary of employees. On 29 August 2022, IRB had informed EP Machinery KL that based on its review, the company did not fully comply with "Kaedah-Kaedah Cukai Pendapatan (Potongan Daripada Saraan) 1994" in respect of its calculation on the monthly tax deduction from salary of employees for years 2019 and 2020. Hence, the company was compounded a total of RM1,840.66 (comprising RM1,640.66 for year 2019 and RM200 for year 2020 respectively). There were several correspondence pertaining to the computation and an appeal was sought for the payment. On 30 January 2024, IRB informed that the appeal was not granted and the compound shall be settled before 13 February 2024. The company has paid the compound of RM1,840.66 on 9 February 2024. Based on the above, the matter is deemed closed.
- The company has received emails dated 14 May 2024 and 16 May 2024 respectively from the RMCD in relation to the request for documentation under Section 62 of Sales Tax Act 2018 in respect of the sales tax exemption granted by the RMCD. The documents were submitted to the RMCD on 17 May 2024. On 27 May 2024, RMCD had informed EP Machinery KL that the company has

7. BUSINESS OVERVIEW (cont'd)

complied with the relevant conditions. Based on the above, the matter is deemed closed.

(e) EP Manufacturing

The company has received an email from RMCD on 2 January 2024, requesting the company to submit its "Laporan CJ(P) Jadual C-01/02/03 (namely, Laporan Pembelian/Pengimportan dan Penggunaan Barang-Barang Yang Diberi Pengecualian)" for years 2022 and 2023. The company has submitted the relevant reports (Laporan CJ(P) Jadual C-01 and C-03) to RMCD on 5 January 2024 and no subsequent request was received from RMCD thereafter. The matter is pending conclusion/clearance from the RMCD as at the date of the registration of this Prospectus.

7.10.6 Environmental, social and governance practice

We are committed to adopt environmental, social and governance practices to ensure environmentally responsible operations, a conducive workplace for employees and a high standard of corporate governance, to create durable and sustainable value and maintain confidence of our stakeholders.

(i) **Environmental**

We believe in preserving and caring for the environment. We have adopted the utilisation of green energy through installation of rooftop solar power systems at Plant 1. As set out in Section 6.6(i) of this Prospectus, our Group has entered into a solar power purchase agreement on 2 June 2021 with Yongyang Sdn. Bhd. for the supply and purchase of solar energy to be generated by the solar photovoltaic (PV) system installed at the Plant 1. The PV system commenced in June 2022. Based on the total electricity cost consumption at Plant 1 for the period from July 2022 to December 2022, the total electricity cost during the period vis-a-vis the previous comparative period from July 2021 to December 2021 had reduced by 24.56%.

(ii) **Social**

We have established an occupational safety and health in accordance with the Occupational Safety and Health Act 1994 by maintaining a safe, healthy and conducive working environment for our employees.

Our employees have equal opportunities for career advancement based on merit, performance, experience and academic qualification regardless of ethnicity and gender. As at the LPD, our 157 total employees comprising 104 male and 53 female employees and where 43 employees (or 27.39%) are of Malay ethnicity, 68 employees (or 43.31%) are of Chinese ethnicity, 6 employees (or 3.82%) are of Indian ethnicity, and the remaining 40 employees (or 25.48%) are from other ethnicities.

(iii) **Governance**

We are committed to achieving and sustaining high standards of corporate governance and in compliance with all relevant laws and regulations as disclosed in Section 7.10.5 of this Prospectus. As at the LPD and save as disclosed below, there are no departures from the recommendations of the MCCG: -

(a) Under practice 5.9, it is recommended that the Board comprises 30% women directors.

As at the LPD, our Group has one (1) woman director out of seven (7) Directors, which constitutes 14.29% of the women directors on our Board.

Our Board recognises the importance of diversity in our Board composition and will consider having more women directors. However, our Board takes cognisance that it may take time for our Company to appoint suitable

7. BUSINESS OVERVIEW (cont'd)

candidates which possess the relevant industry experience and are able to contribute to our Board while bringing a diverse perspective. In this regard, our Board expects that the identification process may take a considerable amount of time and hence will endeavour to look for additional women directors within twenty-four (24) months after our Listing, or within any period so prescribed in the Listing Requirements from time to time, whichever is earlier.

In addition, we have in place policies and procedures to promote and maintain compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Whistleblower Protection Act 2010. We have established and adopted the Anti-Bribery and Corruption Policy in compliance with the Malaysian Anti-Corruption Commission Act 2009. In addition, we provide trainings and briefings to all our Directors and employees in accordance with our Anti-Bribery and Corruption Policy.

7.10.7 Material plans to construct, expand or improve property, plant and equipment

As at the LPD, save for the factory expansion from the utilisation of proceeds as disclosed in Section 4.8(i) of this Prospectus, our Group does not have any material plans to construct, expand or improve property, plant and equipment. Please refer to Section 7.20.1 of this Prospectus for further details on our expansion plans.

7.11 TECHNOLOGIES USED

Notable technologies that are relevant to our Group are as follows: -

Name	Type	Description
Hikvision 16 channel turbo H.265+ 1080p full high-definition digital video recorder	• Equipment	• An electronic device that can be used to record video in a digital format to local storage devices
EMPLX	• Information technology ("IT") software	• A total solution for e-claim
Luvo ERP-L3M version 3.0 solution	• IT software	• An enterprise resource planning software that manages company's finance, procurement, sales, planning, inspection, warehouse, engineering and service
Hikvision face recognition terminal DS-K1TA70MI-T	• Equipment	• An access control device that is integrated with temperature screening function
Lumion 11 Pro	• IT software	• An architectural rendering software
Sketchup Pro	• IT software	• A 3-dimensional modelling software
AutoCAD	• IT software	• A 2-dimensional and 3-dimensional computer aided design software used to draft, engineer and automate designs
FortiGate 100F	• IT solution	• An IT solution that provides a fast and secure software-defined wide area network
AutoCount	• IT software	• A business accounting software
Infotech HRMS	• IT software	• A human resource software that helps to manage human resource matters in office or on-the-go

7. BUSINESS OVERVIEW (cont'd)

Name	Type	Description
Mypayroll System	• IT software	• A human resource software that helps to manage human resource matters in office or on-the-go
SOLIDWORKS Professional	• IT software	• A computer-aided design software that helps to design, implement and optimise the product development process
SOLIDWORKS Product Data Management (PDM) Professional	• IT Software	• A data management solution for organisation that helps to find and re-purpose files, parts, and drawings, share design information effortlessly, automate engineering workflows and ensuring that the right data is at the right place at all times
Epicor Kinetic	• IT software	• An enterprise resource planning software to manage day-to-day business activities such as accounting, pre-production materials planning, sales, inventory management, manufacturing execution and human resources among others

The IT software listed above were acquired from external providers. Our Group does not have any proprietary rights over the IT software listed above.

7.12 SEASONALITY AND CYCLICALITY

Our activities are not significantly affected by seasonal or cyclical effects. Therefore, we are not subject to any seasonal or cyclical demand for all our offerings.

7.13 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Our Group has not experienced any significant interruptions to our business which have significant effects on our operations over the past twelve (12) months preceding the LPD. The impact of the COVID-19 pandemic on our business and operations are disclosed below.

7.13.1 Impact of the COVID-19 Pandemic on Our Group

The Malaysian Government imposed the MCO 1.0 throughout Malaysia from 18 March 2020 to 3 May 2020 to contain the rise of COVID-19 cases in the country. During the period, most of the economic sectors and activities had been halted, especially those operating in non-essential services, including the manufacturing sector. As a result, all our production operations were temporarily suspended while our backroom office employees worked remotely from home.

Following the implementation of MCO 1.0, EP Machinery received an approval from MITI to resume operations at up to 50% of workers' capacity from 16 April 2020 while BW Engineering received an approval from MITI to resume operations at full working capacity from 17 April 2020. EP Manufacturing subsequently received an approval from MITI to resume operations at up to 50% of working capacity from 25 April 2020. EP Machinery KL had implemented work-from-home arrangements for its staff while awaiting for the approval from MITI to resume its operations which was obtained on 13 January 2021. BW Perkasa Labuan had also implemented work-from-home arrangements whereby all communications with suppliers and customers were undertaken remotely from home.

7. BUSINESS OVERVIEW (cont'd)

As COVID-19 cases started to increase towards the end of 2020 and subsequently in January 2021, the Malaysian Government imposed MCO 2.0 on selected states in West Malaysia, which included Melaka, Johor, Penang, Selangor, Sabah and the Federal Territories of Kuala Lumpur, Putrajaya and Labuan. We were allowed to continue our operations while adhering to strict standard operating procedures over the course of MCO 2.0 period.

By May 2021, MCO 3.0 was imposed by the Malaysian Government with stricter travelling restrictions and employers were required to implement work from home policies with not more than 30% of management staff in offices. By 1 June 2021, a Full MCO was subsequently announced by the Malaysian Government where only selected industries were allowed to continue operating following the continuing increase in the number of COVID-19 cases. During the Full MCO period, EP Machinery, BW Engineering, EP Machinery KL and EP Manufacturing were allowed to continue their respective manufacturing and/or trading activities at full working capacity from 1 June 2021.

On 15 June 2021, the Malaysian Government announced the four (4)-phase NRP as part of the exit strategy from the COVID-19 pandemic. During the Phase 1 and Phase 2 of the NRP, our business operations were allowed to operate albeit at only 60.0% of our workforce from 5 July 2021 including during the period in which the Enhanced MCO (3 July 2021 to 16 July 2021) was imposed in thirty-four (34) mukims in Selangor and fourteen (14) localities in Kuala Lumpur save for BW Perkasa Labuan which continued to implement a work-from-home arrangement. On 1 October 2021, all our subsidiaries commenced full operations. On 1 April 2022, Malaysia entered the 'Transition to Endemic' phase, with all restrictions on business operating hours removed. All economic sectors are allowed to operate while interstate and international travels are also allowed during this phase. We continue to operate at full working capacity based on standard operating procedure and guideline from 1 April 2022 and up to the LPD.

Total costs incurred by our Group for COVID-19 testing, disinfection, vaccination against COVID-19, personal protection equipment and sanitisation since MCO 1.0 and up to the LPD stood at of approximately RM0.12 million which is not material to our Group. The cost incurred by our Group to continue adhering to the infection control measures as per the standard operating procedures issued by MITI is not expected to have a material impact on our Group's financial performance moving forward. As at the LPD, our Group has not been in breach of any laws related to COVID-19 standard operating procedures and/or restrictions as issued by the relevant authorities. In 2020, our production employees were covered under the Prihatin Screening Programme implemented by SOCSO. In addition, our Group had also participated in the Wage Subsidy Programme, a programme that was initiated by the Malaysian Government to cushion the economic impact of the COVID-19 pandemic. We received wage subsidy payments amounting to RM0.83 million under this programme since MCO 1.0 and up to the LPD. During that time, we closely monitored the pandemic's developments in all jurisdictions in which our customers and suppliers operated.

7.13.2 Impact of the COVID-19 Pandemic on Our Supply Chain

We experienced some disruptions to our supply chain. There were instances where the delivery of supplies from our local suppliers were affected briefly due to MITI's deferred approval for businesses that were deemed non-essential and travel restrictions imposed. We also experienced few instances of late delivery of our imported orders due to lockdown measures imposed and congestions at seaports. During the COVID-19 pandemic period, we were also affected by the increase in sea freight rates for the import of supplies as most of our terms with our overseas-based suppliers are on a free-on-board⁽¹⁾ basis which require us to pay for shipping costs. Nonetheless, we were not affected by the increased sea freight rates for the exports of our products due to the similar free-on-board conditions that we entered into with most of our customers.

We have not experienced any penalties from our customers for any late product deliveries as we were in constant communication with them. Besides that, we have also continued to receive new purchase orders from customers during the pandemic period.

7. BUSINESS OVERVIEW (cont'd)

Note: -

(1) *Free-on-board refers to a shipping term used to indicate that once the goods involved have been loaded on board to the vessel by the seller at the named port, the buyer assumes the responsibility and bear all costs thereafter.*

7.14 RESEARCH AND DEVELOPMENT

Our Group's R&D activities primarily revolve around efforts to create new demands for our food processing and packaging machinery solutions. Our Managing Director, Yeoh Chee Min and Deputy Managing Director, Liew Meng Hooi would initiate, lead and conceptualise new ideas and are supported by the Group's engineers (comprising 21 persons as at the LPD) in the design and production of the machinery solutions. We innovate or create food processes and packaging products, and subsequently provide the corresponding food processing and packaging machinery solutions leading to new revenue growth.

We also collaborate closely with our customers in their product development. We will identify the food processes and/or packaging products for our R&D activities based on the latest industry trends. Meanwhile, we will also participate in our customers' product development stage by providing consultation on the conceptualisation of innovative products including packaging design, choices of materials or ingredients and manufacturability.

All the expenses incurred for our R&D activities are expensed off to the income statement when incurred instead of being capitalised as an intangible asset. There is no specific amount of budget or time frame that is allocated for R&D activities.

As at the LPD, we do not have any R&D policy or dedicated R&D personnel. However, in view of our Group's intention to embark on the integration of the robotic technology with our machinery solutions and its relevant software as stated in Section 7.20.2 below, we may establish a R&D team in the future should the need arises.

7.15 EMPLOYEES

As at 31 December 2023, we have a total workforce of 153 full-time employees consisting of 117 permanent employees and 36 contractual employees. Malaysian employees accounted for 116 persons or 75.82% of our total workforce with the remaining 37 persons or 24.18% of our total workforce being foreigners as at 31 December 2023. As at the LPD, we have a total workforce of 157 full time employees consisting of 121 permanent employees and 36 contractual employees. Malaysian employees accounted for 115 persons or 73.25% of our total workforce with the remaining 42 persons or 26.75% of our total workforce being foreigners as at the LPD. All our foreign employees have valid working permits to work in Malaysia.

The following depicts the breakdown of our Group's employees: -

	Number of Employees			
	As at 31 December 2023		As at the LPD	
	Permanent	Contractual	Permanent	Contractual
Category				
Executive Director and Key Senior Management	11	-	11	-
Managerial and professional ⁽¹⁾	7	-	6	-
Sales and marketing	14	1	12	1
Engineer	17	3	20	1
Technical and supervisory	23	2	22	3
Finance, human resources, and administrative	23	2	27	-
Production	15	20	17	24
Logistics, warehouse and general workers	7	8	6	7
Total	117	36	121	36

7. BUSINESS OVERVIEW (cont'd)

	Number of Employees			
	As at 31 December 2023		As at the LPD	
	Permanent	Contractual	Permanent	Contractual
Nationality				
Malaysian	111	5	112	3
Foreigner	6	31	9	33
Total	117	36	121	36

Note: -

(1) *Consist of managers and employees with professional qualification.*

For the FYE 2023 and up to the LPD, none of our employees belong to labour unions. There have not been any major industrial disputes pertaining to our employees or any incident of work stoppage that have materially affected our operations in the FYE 2023 and up to the LPD. Our foreign employees are provided with accommodation in accordance with the EMShAA. Please refer to Section 7.10.5(i) of this Prospectus for further details.

We have put in place a management succession plan for key positions within our Group to promote business continuity. This includes: -

- (i) grooming and training identified promising internal candidates to fill leadership positions within our organisation by further developing their competencies and skills; and
- (ii) encouraging our middle management to take on more responsibilities beyond their existing roles so that they can accelerate their learning curve and are equipped with the required knowledge and competencies to succeed in more senior positions in the future.

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7. BUSINESS OVERVIEW (cont'd)**7.16 MAJOR CUSTOMERS**

The top five (5) major customers of our Group in the Financial Years Under Review are as follows: -

FYE 2020

No.	Name	Country	Sales value		Main services/ products rendered	Business segment	Length of relationship as at 31 December 2020
			RM'000	%			Year(s)
1.	Customer A ⁽¹⁾	Philippines	11,281	18.28	Cold storage solution and food processing machinery	Food processing and packaging machinery solutions	4
2.	Sandiwa 85 Cold Storage Corporation	Philippines	4,271	6.92	Cold storage solution	Food processing and packaging machinery solutions	2
3.	PT. Wonokoyo Jaya Corporindo ⁽²⁾	Indonesia	4,033	6.54	Food processing machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	5
4.	PT. Dagsap Endura Eatore ⁽²⁾	Indonesia	2,972	4.82	Cellulose casings	Trading of Cellulose casings	6
5.	PT. Ciomas Adisatwa	Indonesia	1,936	3.14	Cold storage solution and food processing machinery	Food processing and packaging machinery solutions	3
Sub-total			24,493	39.70			
Total Revenue			61,689	100.00			

7. BUSINESS OVERVIEW (cont'd)**FYE 2021**

No.	Name	Country	Sales value		Main services/ products rendered	Business segment	Length of relationship as at 31 December 2021
			RM'000	%			Year(s)
1.	PT. Wonokoyo Jaya Corporindo ⁽²⁾	Indonesia	7,392	9.76	Cold storage solution, food processing machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	6
2.	Customer A ⁽¹⁾	Philippines	5,435	7.18	Cold storage solution and food processing machinery	Food processing and packaging machinery solutions	5
3.	PT. Kusuma Sarana Pangan	Indonesia	5,348	7.06	Cold storage solution	Food processing and packaging machinery solutions	1
4.	Frabelle Cold Storage Corporation	Philippines	4,548	6.01	Food processing machinery	Food processing and packaging machinery solutions	3
5.	PT. Dagsap Endura Eatore ⁽²⁾	Indonesia	4,500	5.94	Food processing machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	7
Sub-total			27,223	35.95			
Total Revenue			75,717	100.00			

7. BUSINESS OVERVIEW (cont'd)**FYE 2022**

No.	Name	Country	Sales value		Main services/ products rendered	Business segment	Length of relationship as at 31 December 2022
			RM'000	%			Year(s)
1.	PT. Wonokoyo Jaya Corporindo ⁽²⁾	Indonesia	9,663	10.84	Cold storage solution, food processing machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	7
2.	PT. Dagsap Endura Eatore ⁽²⁾	Indonesia	8,087	9.08	Cold storage solution, food processing machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	8
3.	PT. Petra Sejahtera Abadi	Indonesia	5,309	5.96	Food processing machinery	Food processing and packaging machinery solutions	8
4.	PT. Macroprima Panganutama	Indonesia	5,155	5.78	Food processing machinery	Food processing and packaging machinery solutions	4
5.	Customer A ⁽¹⁾	Philippines	4,205	4.72	Cold storage solution and insulated panels	Food processing and packaging machinery solutions	6
Sub-total			32,419	36.38			
Total Revenue			89,114	100.00			

7. BUSINESS OVERVIEW (cont'd)**FYE 2023**

No.	Name	Country	Sales value		Main services/ products rendered	Business segment	Length of relationship as at 31 December 2023 Year(s)
			RM'000	%			
1.	Customer B ⁽³⁾	Philippines	31,486	25.78	Cold storage solution	Food processing and packaging machinery solutions	7
2.	Customer C ⁽⁴⁾	Philippines	11,716	9.59	Cold storage solution	Food processing and packaging machinery solutions	Less than 1
3.	PT. Dagsap Endura Eatore ⁽²⁾	Indonesia	9,151	7.50	Food processing machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	9
4.	Customer D ⁽⁵⁾	Indonesia	8,060	6.60	Food processing and packaging machinery	Food processing and packaging machinery solutions	5
5.	PT. Wonokoyo Jaya Corporindo ⁽²⁾	Indonesia	5,272	4.32	Food packaging machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	8
Sub-total			65,685	53.79			
Total Revenue			122,116	100.00			

Notes: -

(1) *Customer A is a procurement agent acting for Customer B. A consent was sought for disclosure of the identity of Customer A; however, Customer A has not given its consent to disclose its name and information related thereto in the Prospectus.*

Notwithstanding that Customer A contributed approximately 18.28% of our Group's total revenue for the FYE 2020, our Group was not dependent on Customers A and B. Due to the business nature of our food processing and packaging machinery solutions business segment where our products and services are generally offered on a one-off basis customised in accordance with our customers' needs and specifications, the composition and revenue contribution of our major customers will differ from year to year.

Our Group derived recurring revenue from Customer A for the Financial Years Under Review due to supply of cold storage solutions to cater for the expansion of several cold storage facilities located within the Philippines owned and operated by Customer B, for whom Customer A is acting as the procurement agent.

(2) *Recurring customer of our Group for the Financial Years Under Review, who is involved in frozen food processing. Revenue for the Financial Years Under Review were mainly in relation to the trading of cellulose casings and supply of food processing machinery solutions (including cold storage solutions).*

(3) *Customer B is a company incorporated and domiciled in the Philippines and it is an operator of modern cold storage and dry warehouse facilities within the Philippines. A consent was sought for disclosure of the identity of Customer B; however, Customer B has not given its consent to disclose its name and information related thereto in the Prospectus.*

7. BUSINESS OVERVIEW (cont'd)

Prior to FYE 2023, Customer B sourced for our products and services through Customer A (being a procurement agent) as Customer B did not possess an import licence to import machineries directly from our Group. However, during FYE 2023, Customer B had obtained their import licence and commenced their sourcing of products and services directly from us. For the FYE 2023, the sales value of RM31.49 million disclosed above consist of RM0.17 million transacted with Customer A, who was acting as procurement agent for Customer B.

Notwithstanding that Customer B contributed approximately 25.78% of our Group's total revenue for the FYE 2023, our Group was not dependent on Customer B. Due to the business nature of our food processing and packaging machinery solutions business segment where our products and services are generally offered on a one-off basis customised in accordance with our customers' needs and specifications, the composition and revenue contribution of our major customers will differ from year to year.

- (4) *Customer C is a company incorporated and domiciled in the Philippines and is principally engaged in meat processing covering agriculture and aquaculture. A consent was sought for disclosures of the identity of Customer C, however, Customer C has not given its consent to disclose its name and information related thereto in the Prospectus.*
- (5) *Customer D is a company incorporated and domiciled in the Indonesia and is principally engaged in frozen food processing. A consent was sought for disclosures of the identity of Customer D, however, Customer D has not given its consent to disclose its name and information related thereto in the Prospectus. Customer D is a subsidiary of PT. Sreeya Sewu Indonesia TBK, a company listed on the Jakarta Stock Exchange.*

Our top five (5) major customers contributed approximately 39.70%, 35.95%, 36.38% and 53.79% to our Group's total revenue for the Financial Years Under Review respectively. For the FYE 2023, our Group has over 630 transacted customers for food processing and packaging machinery solutions business segment, 3 transacted customers for trading of cellulose casings business segment, and over 80 transacted customers for manufacturing and trading of flexible packaging materials business segment. As such, our Group is not dependent on our major customers as we have built a large customer base throughout the years. We did not have any material dispute with our major customers in the past and we expect our major customers to continue contributing to our Group's revenue moving forward.

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7. BUSINESS OVERVIEW (cont'd)**7.17 MAJOR SUPPLIERS**

The top five (5) major suppliers of our Group in the Financial Years Under Review are as follows: -

FYE 2020

No.	Name	Country	Purchase value		Main services/ products purchased	Business segment	Length of relationship as at 31 December 2020
			RM'000	%			Year(s)
1	Shandong Vicel	China	4,893	12.99	Cellulose casings	Trading of cellulose casings	3
2	Dalian Bingshan Engineering & Trading Co., Ltd.	China	4,460	11.84	Cold storage solution and parts	Food processing and packaging machinery solutions	5
3	Supplier A ⁽¹⁾	United Arab Emirates	3,196	8.48	Insulated panels	Food processing and packaging machinery solutions	1
4	Supplier B ⁽²⁾	Malaysia	2,174	5.77	Machines and parts	Food processing and packaging machinery solutions	less than 1
5	Supplier C ⁽³⁾	Malaysia	2,030	5.39	Machines and parts	Food processing and packaging machinery solutions	4
Sub-total			16,753	44.47			
Total Purchases			37,676	100.00			

7. BUSINESS OVERVIEW (cont'd)**FYE 2021**

No.	Name	Country	Purchase value		Main services/ products purchased	Business segment	Length of relationship as at 31 December 2021 Year(s)
			RM'000	%			
1	Shandong Vicel	China	7,021	16.30	Cellulose casings	Trading of cellulose casings	4
2	Supplier B ⁽²⁾	Malaysia	5,639	13.10	Machines and parts	Food processing and packaging machinery solutions	1
3	Fujian Snowman Zhenxun Development Co., Ltd.	China	3,003	6.97	Cold storage solution and parts	Food processing and packaging machinery solutions	7
4	Dalian Bingshan Engineering & Trading Co., Ltd.	China	2,607	6.05	Cold storage solution and parts	Food processing and packaging machinery solutions	6
5	Hebei Xiaojin Machinery Manufacturing Inc.	China	2,212	5.14	Food processing machinery	Food processing and packaging machinery solutions	7
Sub-total			20,482	47.56			
Total Purchases			43,062	100.00			

7. BUSINESS OVERVIEW (cont'd)

FYE 2022

No.	Name	Country	Purchase value		Main services/ products purchased	Business segment	Length of relationship as at 31 December 2022
			RM'000	%			Year(s)
1	Shandong Vicel	China	9,058	17.84	Cellulose casings	Trading of cellulose casings	5
2	Supplier B ⁽²⁾	Malaysia	7,342	14.46	Machines and parts	Food processing and packaging machinery solutions	2
3	Hebei Xiaojin Machinery Manufacturing Inc.	China	5,534	10.90	Food processing machinery	Food processing and packaging machinery solutions	8
4	Hiwell Machinery (Shandong) Co., Ltd.	China	4,928	9.71	Food processing machinery	Food processing and packaging machinery solutions	1
5	Jilin SSK Machinery & Electron Co., Ltd.	China	4,460	8.78	Food processing machinery	Food processing and packaging machinery solutions	8
Sub-total			31,322	61.69			
Total Purchases			50,771	100.00			

7. BUSINESS OVERVIEW (cont'd)**FYE 2023**

No.	Name	Country	Purchase value		Main services/ products purchased	Business segment	Length of relationship as at 31 December 2023
			RM'000	%			Year(s)
1	Dalian Bingshan Engineering & Trading Co., Ltd.	China	13,847	20.26	Cold storage solution and parts	Food processing and packaging machinery solutions	8
2	Shandong Vicel	China	8,786	12.85	Cellulose casings	Trading of cellulose casings	6
3	Supplier B ⁽²⁾	Malaysia	6,931	10.14	Machines and parts	Food processing and packaging machinery solutions	3
4	Mayekawa (Taiwan) Co. Ltd	Taiwan	4,716	6.90	Machines and parts	Food processing and packaging machinery solutions	6
5	Supplier A ⁽¹⁾	United Arab Emirates	4,310	6.30	Insulated panels	Food processing and packaging machinery solutions	4
Sub-total			38,590	56.45			
Total Purchases			68,362	100.00			

Notes: -

- (1) *Supplier A is a company incorporated and domiciled in Dubai, United Arab Emirates and it is a provider of insulated roof, wall and cold store panel systems. A consent was sought for disclosure of the identity of Supplier A; however, Supplier A has not given its consent to disclose its name and information related thereto in the Prospectus.*
- (2) *Supplier B is a company incorporated and domiciled in Malaysia and it is principally involved in the trading and provision of all kinds of forwarding and carriage services as well as packaging and warehousing services. Supplier B is responsible to procure the necessary machinery and components required by our Group from various overseas manufacturers/vendors, and on-sell the machinery and components to our Group together with the necessary logistics arrangement where Supplier B will invoice our Group as a whole. Such arrangement benefits our Group with ease of procurement as our Group does not have to separately arrange for logistics. A consent was sought for disclosure of the identity of Supplier B; however, Supplier B has not given its consent to disclose its name and information related thereto in the Prospectus.*

For avoidance of doubt, Supplier B is not the actual manufacturer of the machinery and components. The relevant overseas manufacturers/vendors will transact with Supplier B, who in turn will transact with our Group, to supply the necessary machinery and components.

7. BUSINESS OVERVIEW (cont'd)

(3) *Supplier C is a trading company incorporated and domiciled in Malaysia and it is principally involved in dealing with import and export of goods between China and Malaysia. The company's main business includes supplying machinery, ocean shipping, air transport, and cargo shipping. The company provides international and local warehouse services, as well as local delivery. Supplier C is responsible to procure the necessary machinery and components required by our Group from various overseas manufacturers/vendors, and on-sell the items to our Group together with the necessary logistics arrangement where Supplier C will invoice our Group as a whole. Such arrangement benefits our Group with ease of procurement as our Group does not have to separately arrange for logistics. A consent was sought for disclosure of the identity of Supplier C; however, Supplier C has not given its consent to disclose its name and information related thereto in the Prospectus.*

For avoidance of doubt, Supplier C is not the actual manufacturer of the machinery and components. The relevant overseas manufacturers/vendors will transact with Supplier C, who in turn will transact with our Group, to supply the necessary machinery and components.

For the Financial Years Under Review, we were dependent on Shandong Vicel of China for the supply of cellulose casings. Purchases from Shandong Vicel accounted for 12.99%, 16.30%, 17.84% and 12.85% of our total purchase value respectively for the Financial Years Under Review. Shandong Vicel is the sole supplier for cellulose casings to our Group for the Financial Years Under Review, save for a one-off repurchase of cellulose casings amounting to RM0.07 million from one of our Group's customers to cater for an urgent need of another customer in the FYE 2020 (as disclosed under Section 7.18, Note (2) of this Prospectus).

In the event of shortage of supplies from Shandong Vicel, we would be able to access other similar suppliers of cellulose casing to ensure no disruption to our operations. In 2024, we renewed the distribution agreement with Shandong Vicel with some changes to the terms of agreement, to continue as distributor of its Vicel Speedy Peel Cellulose Casings in Indonesia for another two (2) years commencing from 1 January 2024. The notable changes in the terms of agreement include the reduction of annual sales target and the increase in the number of companies in Indonesia from (1) company to five (5) companies that the supplier may approach directly and sell to them for their own use or on-sell to an identified company for its own use only where Shandong Vicel shall ensure that these companies do not transfer or resale the products. Please refer to Section 9.1.2 of this Prospectus for further details on our dependency on this major supplier.

7.18 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

The following table sets out the raw materials/inputs that we purchased during the Financial Years Under Review: -

Cost Components	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Raw materials, parts and machines used for food processing and packaging machinery solutions								
- Machinery, parts and components	24,746	65.68	29,209	67.83	33,753	66.48	43,886	64.20
- Metals and metal structures ⁽¹⁾	1,740	4.62	779	1.81	3,423	6.74	2,640	3.86
- Insulated panels	3,464	9.19	1,876	4.36	964	1.90	5,113	7.48
- Hardware, tools and consumables	466	1.24	388	0.90	1,084	2.14	3,618	5.29
	30,416	80.73	32,252	74.90	39,224	77.26	55,257	80.83
Cellulose casings used for the trading of cellulose casings	4,964 ⁽²⁾	13.18	7,021	16.30	9,058	17.84	8,786	12.85
Raw materials, packaging films, packaging bags and consumables used for the manufacturing and trading of flexible packaging materials	2,296	6.09	3,789	8.80	2,489	4.90	4,319	6.32
Total Purchases	37,676	100.00	43,062	100.00	50,771	100.00	68,362	100.00

7. BUSINESS OVERVIEW (cont'd)Notes: -

- (1) *Mainly consist of stainless steel, mild steel, aluminium, copper and racking structures. Food-safe metal is used for parts of machinery which has direct contact with food ingredients to be processed/packaged, whilst for other parts of machinery which are not exposed to food ingredients, the grade of metal to be used would be subject to customers' requirements and specifications and functionality.*
- (2) *Inclusive of a one-off repurchase of cellulose casings amounting to RM0.07 million from one of our customers to cater for an urgent need of another customer.*

The raw materials/inputs that we use in our business operations are sourced from both local and overseas suppliers. Save for the temporary disruption in our supply chain caused by the COVID-19 pandemic as disclosed in Section 7.13.2 of this Prospectus, we have not experienced any material shortage/disruption in the supply of our raw materials/inputs for the Financial Years Under Review and up to the LPD.

The prices of our raw materials/inputs are subject to, amongst others, market supply and demand conditions and fluctuation in foreign exchange. Nonetheless, we have not experienced any major fluctuation in prices of our raw materials that have materially affected our financial performance for the Financial Years Under Review and up to the LPD.

7.19 COMPETITIVE STRENGTHS

We believe that our historical successes and future prospects are underpinned by the following competitive strengths: -

7.19.1 Established Operating Track Record

We have accumulated more than thirty (30) years of operating track record since the formation of the sole proprietorship business, New Tech Machinery by our Managing Director, Yeoh Chee Min. Over the years, we have grown from a single-purpose packing machine trading business into an established provider of food processing and packaging machinery solutions with involvement in the trading of cellulose casings, and manufacturing and trading of flexible packaging materials, with growing revenue from RM61.69 million for the FYE 2020 to RM122.12 million for the FYE 2023.

Our revenue breakdown by business segments for the Financial Years Under Review are as follows: -

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Food processing and packaging machinery solutions	50,985	82.65	60,731	80.21	72,569	81.43	100,537	82.33
Trading of cellulose casings	6,854	11.11	9,737	12.86	11,902	13.36	14,558	11.92
Manufacturing and trading of flexible packaging materials	3,850	6.24	5,249	6.93	4,643	5.21	7,021	5.75
Total	61,689	100.00	75,717	100.00	89,114	100.00	122,116	100.00

7. BUSINESS OVERVIEW (cont'd)

7.19.2 A One-Stop Provider of Food Processing and Packaging Machinery Solutions with In-House Manufacturing Capabilities

We are able to undertake turnkey projects by providing solutions for the entire food manufacturing and processing production line involving processing and packaging machinery. We add value by designing, supplying and integrating various types of machines under a single production system. Furthermore, as part of our value-added service offering, we use our expertise in the food manufacturing industry to help conceptualise and recommend factory layouts and production flows for greater efficiency based on our customers' needs. Our Group has accumulated experience and technical expertise which are further leveraged to integrate processing and packaging machines that are imported and/or made in-house. Our in-house manufacturing capabilities allow us to meet our customers' customisation needs, if required, and stand ready to provide after-sales support in terms of maintenance and repair services. As such, our customers do not need to source from multiple vendors to set up a full food manufacturing and processing production line as we are able to meet all their requirements under one roof. In addition, we can also supply cellulose casings and flexible packaging materials to them if required.

7.19.3 Close Collaboration with Our Customers in Product Development

Since 1995, we have worked closely with our customers in the development of their new products by providing consultation on the conceptualisation of innovative products including packaging design, choice of materials or ingredients and food manufacturing processes as well as cost-effective measures that automation can have on the businesses of our customers. We believe that such close collaboration in product development represents a win-win situation for both parties. On one hand, our customers stand to enjoy a faster time-to-market for the commercialisation of their new and innovative products whilst on the other hand, the close collaboration can drive customer stickiness (due to our familiarity and close understanding on the requirements of our customers) and keep us ahead of our competitors as the machinery supplier of choice for them. With our expertise in the fabrication and integration of machineries as well as the extensive product portfolio of our suppliers, we are able to offer innovative products with our customised machinery solutions to our customers.

7.19.4 Qualified and Experienced Management Team

Our Group is spearheaded by our Managing Director, Yeoh Chee Min and Deputy Managing Director, Liew Meng Hooi. Both are industry veterans, each with over thirty (30) years of working experience in food processing and packaging automation. They have gained extensive and in-depth knowledge as well as good understanding on the dynamics of the industry. Both are also supported by a team of dedicated personnel who each possess the necessary expertise and/or experience across various key business functions.

Please refer to Sections 5.1.2 and 5.3.3 of this Prospectus for further details on the profiles of our Managing Director, Deputy Managing Director, and Key Senior Management.

7.19.5 We are Committed to Stringent Quality Standard

We place great emphasis on the quality of our services to our customers. We strive to undertake proper enforcement and execution of stringent quality procedures throughout our business processes. To this end, our subsidiaries namely EP Machinery and BW Engineering have established a QMS that is in line with internationally acceptable practices. By putting in place an internal QMS that is backed by internationally acceptable practices provides our customers assurance of our commitment towards providing quality services.

As at the LPD, we have obtained the following quality certification: -

Name	Standard	Issuer	Scope	Current Validity Period
EP Machinery	BS EN ISO 9001:2015	TÜV UK Ltd	Design, manufacturing and service of packing and food processing machineries.	6 January 2022 to 9 March 2025

7. BUSINESS OVERVIEW (cont'd)

Name	Standard	Issuer	Scope	Current Validity Period
BW Engineering	ISO 9001:2015	Intertek Certification Limited	1. Manufacture of ice making machine and refrigeration system. 2. Project management and installation of ice making machine and refrigeration system.	16 May 2023 to 12 May 2026

The requirements for a QMS in which an organisation is required to show its ability to consistently provide products or services that meet customers' expectations and applicable statutory and regulatory requirements as well as effectively applying the system to enhance customers' satisfaction are outlined in the ISO 9001 standard. By achieving the ISO 9001:2015 standard, our customers are assured of our commitment in providing quality services.

7.20 BUSINESS STRATEGIES AND FUTURE PLANS

Our business objectives are to maintain a sustainable growth rate in our business and to create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies and future plans over the period of thirty-six (36) months from the date of our Listing: -

7.20.1 Expanding Business Footprint in Penang

We intend to expand our business footprint in Penang by building a new corporate office as well as a factory building with a warehouse and a showroom with an estimated total built-up area of approximately 70,000 sq ft. The final proposed built-up area will be subject to the approval of the planning permission and building plan for construction from Majlis Bandaraya Pulau Pinang and the relevant approvals from the relevant authorities. Under our business expansion plan, we intend to establish a new three-storey corporate office with an estimated total built-up area of approximately 18,000 sq ft for our Group that can house the backroom operations of BW Engineering, EP Machinery and EP Manufacturing under one roof. We will shift the entire backroom operations of BW Engineering and EP Manufacturing from their current offices located at 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang to the new corporate office once it is completed.

Our Group also intends to expand our existing production area by building a new factory with a warehouse and a showroom. At present, our Group's existing main factory, corporate office, warehouse and showroom is currently located at PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang (i.e Plant 1). As at the LPD, we have approximately 28,335 sq ft within Plant 1 allocated, and utilised for, our fabrication and assembly activities in relation to our food processing and packaging machinery solutions business segment. The proposed factory building which consists of a single-storey building is expected to add additional built-up area of approximately 52,000 sq ft to cater for the production of food processing and packaging machineries, warehouse and showroom. The expected increase in production space stemming from the additional built-up area of approximately 52,000 sq ft upon the completion of this new factory allows our Group to enhance our production capabilities for our food processing and packaging machinery solutions to meet expected future growth in demand as projected in Section 8.0 of the IMR Report, as set out in Section 8 of this Prospectus and shorten turnaround time should there be multiple large orders secured at the same time. In tandem with the planned expansion of production capacity, a warehouse will also be constructed within this new factory building to provide us with additional warehousing space to store raw materials/inputs as well as finished goods. Besides that, a new showroom will also be constructed within this new factory building. The showroom will showcase our product offerings and provide better customer experiences for our clients specifically on our food processing and packaging machinery solutions. Upon completion of the expansion, the existing floor space of approximately 28,335 sq ft within Plant

7. BUSINESS OVERVIEW (cont'd)

1 will still be utilised for fabrication and assembly activities in relation to our food processing and packaging machinery solutions business segment.

For this business strategy, we are allocating RM13.00 million from the IPO proceeds to purchase a piece of industrial land. We will also be allocating RM10.50 million from the IPO proceeds for the construction of the new corporate office and new factory building with a warehouse and a showroom. On 3 April 2024, our Group received a letter of intent from the PDC to our Group for the acquisition by us of an industrial land at Plot P23B, Penang Science Park North measuring 7.8952 acres (subject to final demarcation plan). The Land is located adjacent to Plant 1. Our Group had on 15 April 2024 confirmed to PDC of our acceptance of the letter of intent. As at the LPD, our Group is still in discussion with PDC on the necessary steps in relation to the acquisition and the salient terms pertaining to the acquisition will be set out in an agreement to be entered into at a later stage. Relevant announcements will be made upon finalisation of the acquisition.

We will also be boosting our in-house manufacturing capabilities by purchasing various new machineries and equipment. These include two (2) vertical machining centres, a CNC turning centre and a CNC press brake/cutting machine; to be used for the production of food processing and packaging machineries and equipment to be supplied under our food processing and packaging machinery solutions business segment. These new machineries and equipment are intended to be installed within the aforementioned new factory to be constructed.

As for the purchase of the new machineries and equipment, we have allocated a total of RM1.10 million from the IPO proceeds for this purpose. The breakdown of this allocation is as follows: -

Type of machinery and equipment	Description	Total Unit(s)	Estimated Total Cost RM'000
Vertical machining centre	A machine that is used for flatwork which requires tool access from the top such as for mould and die cavities.	2	600
CNC turning centre	A machine with multiple axes that uses computer programming inputs to undertake various actions such as drilling, milling, tapping, and turning to shape the desired materials.	1	250
CNC press brake/cutting machine	A machine that uses computer programming inputs to bend and manipulate metal sheets or perform cutting or shaping of materials.	1	250
Total			1,100

We expect to complete the acquisition of land within twelve (12) months from the date of our Listing and to complete the factory expansion and purchase of machineries within thirty-six (36) months from the date of our Listing.

7.20.2 Increasing Robotic Footprint in Food Processing and Packaging Machinery Solutions

We intend to ride on the industrial revolution 4.0 trend and increase the integration of robotic technology within our food processing and packaging machinery solutions. We have identified an opportunity gap in our industry for the use of more robotic technology given the stringent hygiene requirements for the handling of food and the pressing challenges faced by food manufacturers in hiring factory workers. The use of more robotic technology will help to minimise human interference and address the worker supply gap.

7. BUSINESS OVERVIEW (cont'd)

As a start, we successfully rolled out a food packaging machinery solution with robotic arms in 2022. The food packaging machinery solution with robotic arms can feed sausages at a rate of up to 500 pieces per minute. This solution had already been deployed at the production facility of our customer. The successful roll-out of robotic technology within our food processing and packaging machinery solutions enables us to extend our technical know-how on the adoption and integration of robotic technology within our product offerings and allows us to showcase a wider range of product offerings with robotic technology (such as automatic sausage loading, arranging and robotic picking machinery line, and robotic pick and place and cartoning machinery line) to our existing and new customers in the future, and keep abreast with the market trend and evolving customer's expectations and requirements. This, in turn, is expected to benefit us with additional sales and profit in the future; particularly for customers who are seeking to implement and transform their manufacturing processes towards industrial revolution 4.0.

We will be exploring collaborative opportunities with technology partner(s) with expertise in robotics technology. This will be a continuous process as it is crucial for us to keep abreast with new developments and market trends of robotics technology to identify suitable options for integration within our food processing and packaging machinery solutions. The necessary costs to be incurred for this business strategy will generally form part of our operating costs. Considering that this will be a continuous process to cater to the changing customers' expectations and market requirements, the investment sum is not fixed, and funds are expected to be allocated continuously for this business strategy. The necessary costs to be incurred for this business strategy will be funded using the gross proceeds from our Public Issue earmarked for working capital as set out in Section 4.8(iii) of this Prospectus within the first twelve (12) months from the date of our Listing. Thereafter, any future costs to be incurred beyond this initial period will be funded by internally-generated funds and, where necessary, external borrowings.

We also intend to embark on the internal development of software (in the form of computer programmes) to control robots that are integrated within our food processing and packaging machinery solutions, to ensure smooth application for our customers who procured the food processing and packaging machinery solutions from us. This will be a continuous process as the software (in the form of computer programmes) need to be modified and/or enhanced in accordance to the different functions that the robots are applied for. The necessary costs to be incurred for this business strategy will generally form part of our operating expenses. Considering that this will be a continuous process to cater to the changing customers' expectations and market requirements, the investment sum is not fixed, and funds are expected to be allocated continuously for this business strategy. The necessary costs to be incurred for this business strategy will be funded by internally-generated funds.

The above business strategies will be undertaken in our Plant 1. Upon completion of our new factory in line with our business strategies and future plans as set out in Section 7.20.1 of this Prospectus, the above business strategies will also be undertaken in the new factory.

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8. INDEPENDENT MARKET RESEARCH REPORT

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Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

04 JUN 2024

The Board of Directors
EPB Group Berhad
PMT 1186, Jalan Perindustrian Bukit Minyak 18,
Penang Science Park,
14100 Simpang Ampat,
Pulau Pinang.

Dear Sirs/Madams,

Independent Market Research Report on the Food and Beverage ("F&B") Processing Machinery Industry in Malaysia ("IMR Report")

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this IMR Report for inclusion into the prospectus of EPB Group Berhad ("**EPB**" or the "**Company**") in relation to its listing on the ACE Market of Bursa Malaysia Securities Berhad.

We have been engaged to provide an independent market research of the abovementioned industry in which EPB and its subsidiaries ("**EPB Group**" or the "**Group**") operate in. The market research process undertaken involved secondary research as well as detailed primary research when required, which involves interviews with the relevant stakeholders of the industry to discuss the state of the industry. Quantitative market information could be sourced from such interviews and therefore, the information is subject to fluctuations due to changes in business, industry and economic conditions.

We have prepared this IMR Report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present an overall view of the industry and may not necessarily reflect the performance of individual companies in this industry. Protégé Associates is not responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

Thank you.
Yours sincerely,



Dr. Tan Chin How
Director

About Protégé Associates Sdn Bhd

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Profile of signing partner, Dr. Tan Chin How

Dr. Tan Chin How is a Director of Protégé Associates. He has 21 years of experience in consulting and market research for various industries, including among others manufacturing, construction, information and digital technology, renewable energy, oil and gas, and aquaculture. He holds a Doctor of Business Administration from HELP University, Malaysia, a Master of Business Administration from Charles Sturt University, Australia, and a Bachelor of Science in Computing from University of Portsmouth, United Kingdom.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



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The research for this IMR Report was completed in May 2024.

For further information, please contact:

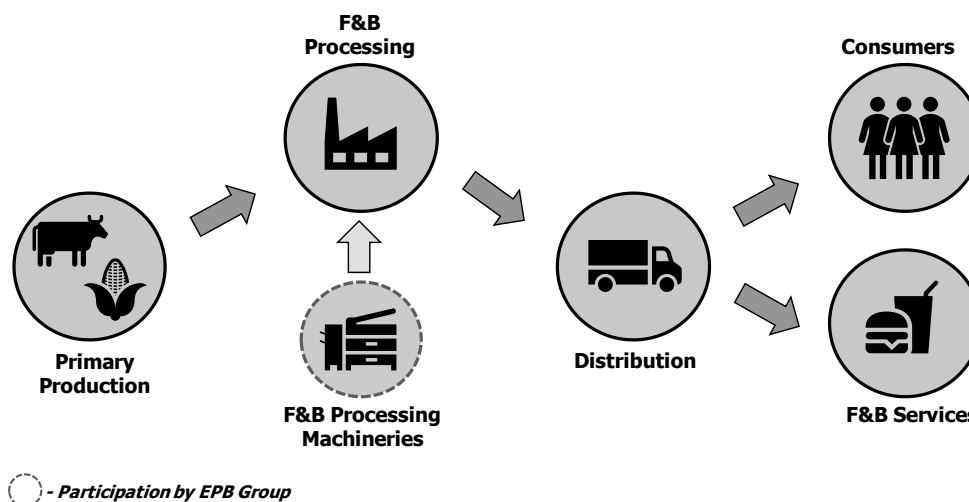
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8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

1.0 Overview of the F&B Industry in Malaysia

The F&B industry value chain and EPB Group's participation is as illustrated in Figure 1 below:

Figure 1: F&B Industry Value Chain

Source: Protégé Associates

The F&B industry in Malaysia can be segmented into the F&B services industry and the F&B processing industry (also known as the F&B manufacturing industry). The F&B services industry mainly revolves around the provision of food services to consumers, whether in the form of dine-in services, self-services, takeout services or delivery services. In other words, it is the business of preparing, transporting and serving food or meals at restaurants or food stores. Meanwhile, the F&B processing industry in Malaysia involves the transformation of F&B raw materials into edible products.

The local F&B industry emerged from 2023 on a strong footing. In 2023, the real gross domestic product ("GDP") contribution from F&B services activities increased by 2.5% to RM36.17 billion (2022: RM35.29 billion) while those of food processing and beverage manufacturing activities increased by 4.7% to RM28.37 billion (2022: RM27.10 billion). The local F&B industry register growth in 2023, bolstered by the continuing normalisation of consumer and tourist spending supported by income and employment growth. However, offsetting factors include the global economic slowdown and higher inflation coupled with tightening financial conditions dampening consumer sentiments.

2.0 Overview of the F&B Processing Machinery Industry**F&B Processing**

F&B processing activities in Malaysia have remained vibrant with stringent standard operating procedures becoming a norm post COVID-19 pandemic for local F&B processors. At the same time, the advancement in processing technology has widened the usage of local raw materials, and has expanded the range of food products manufactured in the country. This is seen by the increasing value of processed food products in Malaysia over the years. However, due to the economic slowdown, both globally and in Malaysia, the sales value of F&B products decreased by 3.6% from RM316.81 billion in 2022 to RM305.50 billion in 2023.

F&B processing involves both the preparation of fresh foods for markets as well as the production of prepared food products. As such, F&B processors consist of a diverse range of companies processing products at various stages, including meat slaughtering and processing; fruit and vegetable preserving; grain and oilseed milling; seafood product preparation, sugar and confectionery, bakery, dairy and other food products manufacturing. In general, food processing can be classified into three types, namely primary, secondary and tertiary food processing.

Primary food processing involves the conversion of agricultural products, such as raw wheat kernels or livestock, into products that can be eventually eaten. This category includes processes such as drying, milling grain, shelling nuts and butchering animals for milk. It also includes deboning and cutting meat, freezing and smoking fish and meat, extracting and filtering oil, canning food, preserving food as well as homogenising and pasteurising milk.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



Secondary food processing is the process of creating food from ingredients that are ready to use. Some examples of secondary food processing are baking of bread, where milled flour and pasteurised milk are used, as well as the making of sausages or other meat products, which involves the grinding of meat that has already undergone primary processing.

Tertiary food processing is the commercial production of high value-added F&B products, such as bakery products, ready-to-eat or heat-and-serve foods, as well as health drinks.

In addition, F&B processing also involves the **packaging of F&B products**. Processed F&B products need to be packaged in order to store, transport and market the final end products to consumers. In general, F&B packaging plays four main roles namely product protection, product safety, product freshness and brand identity.

The main role of **product protection** is to maintain the safety of food during transportation, handling and distribution. In addition, food packaging can also help retain food nutrition, and provide rapid and reliable distribution of the food along the value chain and reduce post-harvest losses.

F&B packaging also helps to ensure **product safety** and aims to eliminate or reduce food recalls and hazards, as well as facilitate traceability. Product contamination can occur at any one point in time in the supply chain. In addition, to protect consumers, certain information must be included on the F&B packaging, including the list of ingredients as well as the manufacturing and expiry dates.

F&B packaging can help to increase **product freshness** and maintain the appearance, taste, quality and shelf life of the F&B products. The advancement in packaging technology has led to F&B processors being able to extend a product's shelf life and have a better control over product freshness.

Lastly, F&B packaging can be used to drive the **brand identity** of a product. Packaging has become an essential part of product marketing and allows a manufacturer to communicate product information with consumers. A good package design can serve to attract the attention of consumers. The size, shape, colour and materials used in a packaging can influence consumer experience, and ultimately help build brand awareness.

F&B Processing Machinery

F&B processing machinery refers to the machinery that is used to handle, prepare, cook, store and package F&B products. While F&B processing machineries are primarily aimed towards the transformation (such as increasing the ease of consumption and digestibility), or preservation (such as extending the shelf life) of F&B products, they are also used to perform other preliminary or auxiliary functions such as handling, preparation and packaging.

The F&B processing production cycle can be divided into several stages; each characterised by a specific function, in which several operations are performed. For example, in the preparation stage, the primary function is to prepare raw materials for further processing, whereby some of the operations performed include washing and separating. The common functions and operations of F&B processing machineries are detailed in Figure 2.

Figure 2: Common Functions and Operations of F&B Processing Machineries

Functions and Operations	Description
Preparation	Involves initial preparatory operations focused on preparing raw food materials for subsequent processes.
- Cleaning	Removing foreign matter and contaminants (such as soil, oil, skins and chemicals) from the surface of raw food materials via wet or dry-cleaning processes.
- Sorting and grading	Assessing and classifying raw food materials based on several measurable physical characteristics (size, shape, weight and colour) to determine overall quality or grade.
- Peeling or skinning	Removing inedible or undesirable materials to increase the overall quality and/or appearance of the raw food product.
Mechanical processing	Involves processing operations (without the application of heat or chemicals) to reduce, enlarge, homogenise or change the physical form of raw food materials.
- Size reduction	Reduces the average size of solid food material through mechanical processes such as compression, shearing or impact force.
- Size enlargement	Increases the average size of solid food material through mechanical processes such as extrusion, agglomeration or forming.
- Homogenisation	Reduced the average size and increases the consistency of semi-solid and liquid food material.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



Functions and Operations	Description
- Mixing or blending	Combines two or more components into one another to achieve and maintain a uniform mixture.
Heat processing	Depending on whether the application is aimed at heating or cooling the food material, heat transfer machinery is used to direct heat towards or away from the material.
- Baking or roasting	The use of heated air heated by convection, conduction and radiation to heat and produce physical and chemical changes to food materials, such as texture or flavour. Is also used in the preservation of food materials via the removal of microorganism and reducing amount of moisture on food surface.
- Blanching	The use of heated water or steam to reduce the number of microorganisms and inactivate undesirable enzymes which may cause spoilage to food materials.
- Dehydration	The use of heat to remove moisture from food materials with the intention of producing a solid food product with sufficiently low water content.
- Evaporation	The removal of moisture from food materials via boiling to increase the concentration of solid contents.
- Pasteurisation	Heating of food materials under medium temperatures (70-100 degree celsius ("°C")) to inactivate most enzymes and microorganisms which can cause spoilage to food materials.
- Frying	The use of heated fat or oil to apply heat directly to food materials with the intention to reduce moisture content and form a surface crust.
- Sterilisation	Heating of food materials under high temperatures (above 100°C) to inactivate most enzymes and microorganisms which can cause spoilage to food materials.
Preservation	The preservation stage in F&B processing ultimately aims to prevent or inhibit the spoilage and increase the shelf life of food materials and products.
- Chemical	The use of natural (such as salt, vinegar and smoke) and non-natural (such as sorbic acid, sulphur dioxide and benzoic acid) chemical substances to prevent or inhibit spoilage.
- Heat processing	Preserving food materials via the transfer of heat.
- Irradiation	The use of ionizing radiation to remove microorganisms and inactivates enzymes that can cause spoilage to food materials.
- Refrigeration or freezing	Reduces the temperature of food materials to suppress the biochemical and microbiological processes of microorganisms and enzymes that can cause spoilage to food materials.
- Water reduction	Reduces the amount of water content in food materials to inhibit microbiological and enzymatic processes which can cause spoilage to food materials.

Source: Protégé Associates

At the last stage, the food materials are packaged via the packaging operations to produce the final food product and complete the food processing production cycle. F&B packaging machineries are primarily used for labelling, sealing and/or palletising. These machineries are used across the bakery, beverage, meat and fisheries processing and other F&B industries. Industry players operating in this industry are constantly developing new products using advanced technologies to enhance user experience. Figure 5 details the common types of F&B packaging machineries and their description.

Figure 3: Common F&B packaging machineries and their description

Type	Description
Bottling	Fills the right amount of product into a bottle or container
Cartoning	Forms and erects a carton
Case Packing	Build cases and prepare them for filling
Filling and dosing	Measures and fills a predetermined value of the food products into desired packaging
Form fill and seal	Form, fill and seal a package
Labeling, decorating and coding	Apply labels, decorations and bar codes onto finished products
Lidding	Forms and applies lids to product filled trays
Palletising	Stacks cases, bundles of goods or products, etc. onto a pallet
Wrapping and Bundling	Shrink wrapping and bundle packing

Source: Protégé Associates

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**3.0 Performance of the F&B Processing Machinery Industry in Malaysia**

The historical performance and growth forecast of the F&B processing machinery industry in Malaysia is based on a combination of resources, including data from the Department of Statistics Malaysia ("DOSM"), the Malaysian Investment Development Authority and Bank Negara Malaysia. Data is also gathered from further secondary and primary research works conducted such as searches on private F&B processing machinery manufacturers and traders with the Companies Commission of Malaysia ("CCM") to gather more disclosure on their business performance. Primary research works are conducted with stakeholders in the local industry such as industry players, suppliers, and customers to gather their insights on the industry. All the findings are collated, analysed and/or computed to ascertain the outlook of the F&B processing machinery industry in Malaysia.

The size of the local F&B processing machinery industry was valued at RM1.73 billion in 2023, which was an increase of 3.0% from the previous year. Growth in the industry is supported by factors including labour shortage issues spurring adoption of industrial automation, a wide range of F&B products requiring processing as well as growing consumer preference for convenient processed food products. In particular, while the sales value of F&B products in Malaysia was lower at RM305.50 billion in 2023 as compared to RM316.81 billion in 2022, it was still higher than the RM280.98 billion recorded in 2021. At the same time, while sales value of plastic articles for the packaging of goods decreased slightly from RM21.47 billion in 2022 to RM21.07 billion in 2023, this was still higher than the RM16.60 billion recorded in 2021. The decrease in sales value can be attributable to lower demand for F&B products stemming from slower growth in global economic activities coupled with high inflationary environment weakening purchasing power and affecting consumer sentiments. This is expected to lead to a scaling down of expansion plans by F&B companies which in turn, will reduce demand for F&B processing machineries. Nonetheless, the growth in the Malaysian economy is expected to gather pace from 2024 onwards, with world trade likely to improve in tandem with stronger trade activities – providing the impetus for the gradual pick-up in the pace of growth in the local F&B processing machinery industry. The industry is forecast to expand at a compound annual growth rate ("CAGR") of 10.4% from RM1.90 billion in 2024 and reach RM2.84 billion in 2028. Growth in the industry is expected to be driven by favourable demand conditions which include labour shortage spurring the adoption of more industrial automation, a wide range of F&B products requiring processing, the preference for convenient processed food products, positive policy support from the Malaysian Government to develop the local food-related industries and a steady population growth.

Figure 4: Historical Market Size and Growth Forecast for the F&B Processing Machinery Industry in Malaysia, 2020-2028

Year	Market Size (RM billion)	Growth Rate (%)
2020	1.32	-
2021	1.49	12.9
2022	1.68	12.8
2023	1.73	3.0
2024 ^f	1.90	9.8
2025 ^f	2.09	10.0
2026 ^f	2.31	10.5
2027 ^f	2.56	10.8
2028 ^f	2.84	10.9

CAGR (2024-2028) (base year of 2023): 10.4%

Note: ^f denotes forecast

Source: Protégé Associates

4.0 Competitive Landscape

The participants of the F&B processing machinery industry in Malaysia comprise both F&B processing machinery manufacturers and traders. Local F&B processing machinery manufacturers are companies that manufacture and/or distribute F&B processing machinery or related components. They generally produce their own in-house branded products and sell them to both local and overseas end-users directly or through distributors. In 2024, Protégé Associates estimates there are more than 190 manufacturers of F&B processing machineries in Malaysia based on the latest available economic census published by DOSM. Some of the local manufacturers for F&B processing machinery in Malaysia include EPB, Highpack Machinery Sdn Bhd, Hup Sheng Machinery & Industry Sdn Bhd and Lian Huat Machinery Sdn Bhd.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



As for traders, there are companies that are involved in the trading of F&B processing machineries including importing these machineries and selling them in Malaysia. They generally distribute products from more than one manufacturer and also often distribute a variety of F&B processing machinery instead of only focusing on a single type of machinery. In addition, these traders may also distribute other types of machinery other than those related to F&B processing. Traders typically play a role in connecting manufacturers with end-users, providing maintenance and support services, as well as facilitating sales of equipment. Some of the local traders for F&B processing machinery in Malaysia include GEA Westfalia Separator (Malaysia) Sdn Bhd, Kimah Industrial Supplies (M) Sdn Bhd, MHL Machinery Sdn Bhd and Thermo Cooling Engineering Sdn Bhd. Within the F&B processing machinery industry in Malaysia, the barriers to entry are considered relatively low for single-purpose or standard machinery. However, they are higher for industry players intending to provide one-stop solutions on a turnkey basis. Potential entrants need to possess stronger financial resources, technical know-how, and make investment into plants, machinery, and human resources. In addition, continuous capital outlay may also be necessary for the adoption of newer technologies or innovations at the production facilities.

4.1 Competitor Analysis

EPB Group is a one-stop provider of food processing and packaging machinery solutions. It is primarily involved in the design, customisation, fabrication, integration and automation of production lines for food manufacturing and processing companies, based on our customers' needs. For the purpose of this report, Protégé Associates has selected the following industry players for comparison with EPB Group based on the following criteria:

- A company registered in Malaysia and is involved in the manufacturing and/or trading of F&B processing machineries; and
 - Recorded an annual turnover of less than RM100 million based on latest publicly available financial information.
- It needs to be highlighted that the list of industry players is not exhaustive, and only serves as a reference for readers.

Figure 5: Comparison between EPB and Selected Industry Players

Company Name	Principal Activities	Financial Year Ended ^{^^}	Revenue (RM)	Gross Profit (RM)	Profit After Tax (RM)	Gross Profit Margin* (%)	Profit After Tax Margin** (%)
EPB [^]	The company is principally involved in the provision of food processing and packaging machinery solutions, trading of cellulose casings, and manufacturing and trading of flexible packaging materials.	31-12-2023	122,116,450	40,357,590	14,257,988	33.0	11.7
Highpack Machinery Sdn Bhd [^]	The company is principally involved in the manufacturing and trading of machineries.	31-12-2022	8,408,789	2,657,834	856,441	31.6	10.2
Hup Sheng Machinery & Industry Sdn Bhd [^]	The company is principally involved in the manufacturing and servicing of plant and machinery in food industry.	31-08-2023	6,852,828	2,488,588	345,331	36.3	5.0
Lian Huat Machinery Sdn Bhd [^]	The company is principally involved as a manufacturer, importer and dealer in all kinds of machinery including bakery machinery.	30-06-2023	10,042,825	531,715	-189,009	5.3	-1.9
FL Refrigeration & Engineering	The company is principally involved in the wholesale of fridge machinery and supermarket accessories.	31-12-2022	12,937,605	1,921,024	1,258	14.8	< 0.1

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

Company Name	Principal Activities	Financial Year Ended ^{a, b}	Revenue (RM)	Gross Profit (RM)	Profit After Tax (RM)	Gross Profit Margin* (%)	Profit After Tax Margin** (%)
Enterprise (M) Sdn Bhd							
GEA Westfalia Separator (Malaysia) Sdn Bhd [#]	The company is principally involved in sales and servicing of GEA machines and spare parts.	31-12-2022	64,918,016	18,638,158	3,299,683	28.7	5.1
Kimah Industrial Supplies (M) Sdn Bhd	The company is principally involved as a dealer of all kinds of machineries.	30-06-2023	8,399,667	3,341,880	661,748	39.8	7.9
Mayekawa (M) Sdn Bhd	The company is principally involved in the business of dealing with refrigeration equipment and components, construction of cold room and related services.	31-12-2022	28,207,056	6,632,005	1,583,169	23.5	5.6
MHL Machinery Sdn Bhd	The company is principally involved in the trading and servicing of machineries.	31-12-2022	13,391,127	3,544,207	-54,878	26.5	-0.4
NRS Process Systems Sdn Bhd	The company is principally engaged as a fabricator of refrigeration systems, sales of spare parts, providing services for installation and maintenance of refrigeration systems.	31-12-2022	26,496,361	7,315,047	2,469,869	27.6	9.3
Thermo Cooling Engineering Sdn Bhd	The company is principally involved as dealers of air conditioners, refrigerators and cold rooms.	31-05-2023	8,067,804	5,940	-2,767,819	0.1	-34.3
United Refrigeration System (M) Sdn Bhd	The company is principally involved in the trading of refrigeration parts.	31-12-2022	72,840,352	n/a	5,638,980	n/a	7.7

Notes:

1. The above figures only provide an indication and is not considered directly comparable due to the following reasons:
 - a. Not all companies have the same financial year end; and
 - b. Not all companies carry out activities that are completely the same with one another or in the same geographical area.

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



2. Financial information of comparable market players and EPB Group such as revenue, gross profit and profit/loss after tax was based on information from the CCM and EPB Group while the financial ratios in the table were computed by Protégé Associates.
* Gross Profit Margin = Gross Profit / Revenue
** Profit after Tax Margin = Profit after Tax / Revenue
3. ^ Local manufacturers who are able to provide one stop food processing and packaging machinery solutions.
4. # GEA Westfalia Separator (Malaysia) Sdn Bhd is a wholly-owned subsidiary of GEA Westfalia Separator (SEA) Pte. Ltd., a company incorporated in Singapore. The penultimate and ultimate holding companies are GEA Westfalia Separator GmbH and GEA Group AG respectively, both incorporated in Germany. GEA Group AG is currently listed on the Frankfurt Stock Exchange in Germany.
5. n/a denotes that information is not available from CCM
6. ^^ denotes the latest available financial information from CCM as at 29 May 2024
Sources: CCM, EPB Group and Protégé Associates

4.2 EPB Group's Market Share Analysis

For the FYE 31 December 2023, EPB Group generated revenue of RM100.54 million from its food processing and packaging machinery solutions business segment, which was equivalent to 5.8% share of the RM1.73 billion market size of the Malaysian F&B processing machinery industry in 2023.

5.0 Demand and Supply Conditions

Figure 6: Demand and Supply Conditions Affecting the F&B Processing Machinery Industry in Malaysia, 2024-2028

Impact	Conditions	Short-Term	Medium-Term	Long-Term
		2024-2025	2026-2027	2028
Demand				
+	Labour Shortage Spurs Adoption of More Industrial Automation	High	High	High
+	A Wide Range of F&B Products Requiring Processing	High	High	High
+	Preference for Convenient Processed Food Products	Medium	Medium	Medium
+	Positive Policy Support from the Malaysian Government to Develop the Local Food-Related Industries	Medium	Medium	Medium
+	Steady Population Growth	Medium	Medium	Medium
-	High Inflationary Pressure Weakening Purchasing Power and Affecting Consumer Sentiment	Medium	Medium	Medium
Supply				
+	Technological Advancement	Medium	Medium	Medium

Source: Protégé Associates

Labour Shortage Spurs Adoption of More Industrial Automation

As with most manufacturing industries, the Malaysian F&B processing industry is labour intensive. With the country facing labour shortages due to poor participation from Malaysians, the F&B processing industry is heavily reliant on foreign workers for its manufacturing activities. It does not help that policies on foreign workers have been constantly under close scrutiny and are vulnerable to frequent changes particularly on levy rates and number of foreign workers allowed to work in Malaysia.

To combat this issue, the Malaysian Government has been encouraging industry players to increase the level of automation in their operations. This includes the use of F&B processing machineries which can be incorporated into a manufacturer's integrated operations, or in the case of smaller operations, can serve to increase productivity through the use of machinery instead of manual labour. Technological advances have also seen robotics increasingly being incorporated into F&B processing machineries to further reduce

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)



the need for manual labour. This development bodes well for the development of the local F&B processing machinery industry.

A Wide Range of F&B Products Requiring Processing

The F&B products segment in Malaysia is innovative in meeting the demand of its customers by developing various types of products to cater for consumers of varying age and income categories. Manufacturers of F&B products tend to produce a variety of products in different forms and packaging to be able to target a larger pool of consumers from varying age and income brackets.

Consumers generally are more inclined to choose products in accordance to their affordability and convenience. For examples, some consumers may choose meat that has been cut into convenient sizes while others may choose other processed meat products such as nuggets or sausages. A consumer with a busy lifestyle may prefer ready-to-eat food products while another may opt to buy fresher ingredient to cook. In addition, a consumer may choose biscuits with a larger serving packaging while another consumer may opt to choose for individual serving packaging that is more convenient to consume away from home. At the same time, a same brand of cheese may come in single slice packaging to cater for adults as well as in stick or small cube-form to cater for kids.

Manufacturers are also constantly adapting their products to include new flavours and other ingredients, as driven by the latest local and international trends. The ability of the local F&B processing machinery industry to meet and cope with the ever-changing demands of its consumers has supported industry growth.

Preference for Convenient Processed Food Products

Rapid urbanisation in Malaysia has led to a change in the population's lifestyle; more women have joined the workforce and people are working longer hours. With lesser time to prepare for a meal, convenience has become an important consideration when choosing the type of products to consume. This has led to increased consumption of conveniently processed food products such as ready-to-eat meals and packed food products, or food products that have been processed into forms that are easier to cook or prepare.

There is an increasing amount of food products in Malaysia that are packaged in forms that are convenient for their consumers to consume or prepare. These include re-sealable, single-serve and lightweight packages that suit the modern 'grab-and-go' lifestyle, as well as "instant" food products that generally only require very simple steps to cook, such as instant cake or cookie mixtures or other instant dishes, whereby the consumers only need to add water or other liquid substance to bake or cook. The increase in demand for these types of food products is expected to lead to higher needs for various types of food processing as well as packaging leading to higher demand for F&B processing machinery.

Positive Policy Support from the Malaysian Government to Develop the Local Food-Related Industries

In the past, the local food processing industry was earmarked for further development under the Third Industrial Master Plan with focus on major areas such as the supply of raw materials, incentives for the food processing companies, training and skills development, market development and financial assistance. Food-related industries have continued to receive positive policy support from the Malaysian Government. The recent National Agrofood Policy 2.0 (the successor of the National Agrofood Policy 1.0) (2021-2030) rolled out by the Ministry of Agriculture and Food Industries has highlighted the strategies to transform the local agrifood sector into a sustainable, competitive and high-technology sector, and to boost economic growth to improve the wellbeing of the population. This development is expected to bode well for the growth of the local F&B processing industry which is a key stakeholder in the local-food-related industries.

Steady Population Growth

The Malaysian population is expected to continue growing at a steady pace. According to DOSM, the total population of Malaysia was 33.4 million in 2023. This figure is projected to grow steadily to reach 41.5 million in 2040. As the size of population increases, the potential pool of demand for F&B products also increases accordingly. In other words, the uptake in F&B products is positively correlated to population growth. Hence, the steady population growth in Malaysia is expected to spur the continued demand for F&B products moving forward. This is also expected to bode well for the local F&B processing machinery industry.

High Inflationary Pressure Weakening Purchasing Power and Affecting Consumer Sentiment

The headline inflation in Malaysia continued to grow in 2023. The consumer price index (CPI) (2010 = 100) increased by 2.5% from 127.2 in 2022 to 130.4 in 2023, driven by food and non-alcoholic beverages which increased by 4.8% during the year. Other segments which contributed to higher prices were furnishings, household equipment & routine household maintenance, housing, water, electricity, gas and

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

other fuels, and transport. The headline inflation in the country is expected to continue trending up leading to higher product prices including the prices of F&B products. This is mainly attributed to elevated global energy and commodity prices, the disruptions in the global supply chain and the weakness of the ringgit against the US dollar. Besides that, consumers are grappling with rising borrowing costs amidst the various hikes in the overnight policy rate by Bank Negara Malaysia. These developments can weaken purchasing power and affect consumer sentiments leading to dampened demand for F&B products, which in turn, reduce the demand for F&B processing machineries.

Technological Advancement

To cater for the growing demand for processed F&B products, there has been a need for manufacturers to increase production capability and capacity. Integrated systems are utilised in manufacturing facilities where the production processes are fully or partially automated with minimal requirement of manual labour. The availability of modern technology allows for the development of machinery that can drive production productivity and efficiency and promote better consistency in the quality of products produced. For example, the adoption of robotics technology is increasing, and it facilitates higher production volume, improves food safety and is less labour-intensive, thereby enhancing competitiveness. Manufacturers that have invested in newer technologies stand to benefit from cost savings generated and faster product-to-market lead time.

With the introduction of more advanced technology, most of the manufacturing processes for the production of F&B products can now be carried out using machinery and equipment rather than manual labour. The introduction of these machinery and equipment has allowed for the economies of scale for manufacturers of F&B products. In recent years, the usage of robotics in the F&B processing industry has also been on the rise. Technological advances, such as image recognition and gripper technology, have enabled robots to be increasingly capable of handling both delicate and diverse products. These robots can comply with strict food safety requirements, and function in challenging work environments (such as heat, moisture and cold). The robots used in the F&B processing industry can be generally segmented into generic robots that perform heavy standard tasks such as sorting boxes or storing pallets, and specialised robots that perform more complex and specific tasks such as carcass opener in the meat industry, lettuce and fruit corers in vegetable and fruit processing, as well as packing robots for biscuits and confectionery.

Integrated systems are not confined to the production process alone but can be extended to the packaging of the products as well. With the introduction of conveyor belts, collators and automated packers, the processing process has also been greatly improved. Food processing technology is required to comply with many requirements including protection against contamination and low pollution emission. As manufacturers often have a wide range of products, a more sophisticated processing system may be required to ensure correct product processing as well as to provide flexibility to cater for frequent product changes.

6.0 Substitute Products

The use of some types of F&B machineries can be substituted with the use of manual labour. Nonetheless, the use of F&B machineries can offer partial or full automation processing that minimises the risk of human error, drive operational efficiency and productivity, allow for scaling up of production and undertake processes that are risky or cannot be performed by manual labour. As such, F&B processing machineries are expected to continue undertaking a vital role in the processing of F&B products.

7.0 Relevant Laws and Regulations

Notable laws and regulations that are relevant to the F&B processing industry in Malaysia include but are not limited to the Factories and Machineries Act 1967, the Local Government Act 1976, the Environmental Quality Act 1974, the Occupational Safety and Health Act 1994, the Street, Drainage and Building Act 1974 as well as the Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990.

8.0 Prospects and Outlook of the F&B Processing Machinery Industry in Malaysia

The outlook of the local F&B processing machinery industry during the forecast period from 2024 to 2028 is positive. Factors boosting growth within the local F&B processing machinery industry are likely to come from the labour shortage issues in the country that have spurred the adoption of more industrial automation, leading to higher demand for processing machineries, a wide range of F&B products requiring processing and consumer preference for convenient processed food products. The support from the Malaysian Government to develop the local food-related industries is also expected to help support demand for F&B processing machineries. Furthermore, a growing population will likely drive higher consumption of food and thus, supporting the increasing need for more F&B processing machineries. Nonetheless, high inflationary pressure is expected to weaken purchasing power and affect consumer sentiment. On the supply side, the Malaysian F&B processing machinery industry is expected to benefit

8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

from the advancement in technology in the country whereby the production processes are fully or partially automated with minimal requirement of manual labour.

The Malaysian F&B processing machinery industry is expected to grow from RM1.90 billion in 2024 to RM2.84 billion in 2028, registering a CAGR of 10.4%.

9.0 Prospects of the F&B Processing Machinery in Indonesia

The Indonesian economy expanded by 5.0% in 2023 (2022: 5.3%). The growth in the Indonesian economy was broad-based with three industries namely, transportation and storage, other services activities, and accommodation and food service activities experiencing double-digit growth rate. Indonesia's economy is projected to grow by 5.0% and 5.1% in 2024 and 2025 respectively.

With a population of 278.7 million people in mid-2023, Indonesia has been actively developing its F&B sector to fulfil domestic demand. The primary sector, which produces raw materials for the F&B industry by agriculture, plantation and fisheries as well as the manufacturing of F&B products are notable contributors to the Indonesian economy. In particular, growth in the Indonesian F&B processing industry is supported by increasing consumer purchasing power, changing demands towards modern packaged food products, influence of western food and the emergence of large global companies in the country.

At the same time, other trends driving the F&B processing industry stem from rising health consciousness increasing demand for healthy packaged food products, including snacks, noodles and baked goods, as well as higher demand for quick preparation meals and frozen foods that cater to busy urban lifestyles. Some of the major F&B processing segments in the country include dairy, baby food, baked goods and noodles. Expanding consumer preferences for milk, yoghurt and cheese have also increased the market size of dairy-based packaged goods. Other processed food such as baked goods and noodles, confectionery and condiments have also led to increased demand for wheat, nuts, dried fruits and ground or powdered spices. The continued development of the Indonesian F&B processing industry is expected to bode well for the expansion of the F&B processing machinery industry, which serves as a crucial enabling industry to the F&B sector.

Locally produced processing machinery are mostly of older and less sophisticated technology and local suppliers face challenges in meeting the demand from local F&B manufacturers, especially from large and established players. As such, the majority of machinery for processing F&B has to be imported.

10.0 Prospects of the F&B Processing Machinery in the Philippines

The economy of the Philippines expanded by 5.6% in 2023 (2022: 7.6%). The economic growth in the country was mainly supported by the wholesale and retail trade, repair of motor vehicles and motorcycles, as well as the construction industries. The Philippines' economy is projected to grow by 6.2% in both 2024 and 2025. As of 1 May 2020, the total population of the Philippines was 109.0 million people. The total population of the Philippines is projected to reach 115.4 million people by mid-2025.

The F&B processing industry in the Philippines is one of the main drivers of the country's manufacturing sector and has continued to expand over the years. As such, the industry has been identified by the Philippines government as a priority sector for attracting foreign investment under special economic zones. The Philippines' F&B processing industry is composed of several major segments, including fruits and vegetables, fish and marine products, meat and poultry products, flour and bakery products, beverages, confectioneries, dairy products, food condiments and seasonings, food supplements, bottled water, snack foods and fats and oils.

A large percentage of the local F&B processing industry's output is consumed domestically. Some of the factors supporting demand for processed food in the country include population growth, rising middle income earners, increasing number of dual-income families, higher disposable income, a young highly urbanised population with increasingly sophisticated tastes, easier access to supermarkets, as well as higher awareness of food quality and safety.

The F&B processors located in the country are mostly micro, small and medium enterprises, of which many are owned by single proprietor. However, there also exist large integrated corporations that dominate the Philippines' market and can compete on equal footing with foreign players. The continued development of the F&B processing industry in the Philippines is expected to bode well for the expansion of the F&B processing machinery industry in the country.

9. RISK FACTORS

YOU SHOULD EVALUATE AND CONSIDER CAREFULLY, ALONG WITH OTHER MATTERS IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS WHICH MAY IN THE FUTURE HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 OUR FINANCIAL PERFORMANCE IS DEPENDENT ON OUR ABILITY TO CONTINUALLY SECURE NEW ORDERS FROM EXISTING AND NEW CUSTOMERS

Our success is dependent on our ability to continually secure new orders from existing and new customers in relation to our three (3) business segments namely, food processing and packaging machinery solutions, trading of cellulose casings, and manufacturing and trading of flexible packaging materials. Our products and services (after-sales maintenance and repair works), particularly in relation to our food processing and packaging machinery solutions business segment, are generally offered on a one-off basis customised in accordance with our customers' needs and specifications; whilst our sales for the manufacturing and trading of flexible packaging materials business segment are generally based on individual confirmed orders from our customers. For our trading of cellulose casings, although we have entered into supply contract with two of our major customers (namely, PT. Wonokoyo Jaya Corporindo and PT. Dagsap Endura Eatore), the actual sale delivery will still be subject to confirmation from the said customers.

Our existing customers may opt to cease issuing new purchase orders, reduce or limit the size and/or scope of products and/or services requested, and/or cancel the purchase orders made due to various factors such as budget constraints, our ability to meet customers' specification and requirements, competitive pricing, timely delivery, as well as continued customer service. Notwithstanding our sales and marketing efforts, there can be no assurance that new customers approached by our Group will eventually purchase from us.

As at the LPD, we have an order book of RM44.29 million as set out below: -

	Expected to be fulfilled and billed in FYE 2024
Order book by business segment	RM'000
Food processing and packaging machinery solutions	37,133
Trading of cellulose casings	6,275
Manufacturing and trading of flexible packaging materials	880
Total	44,288

There can be no assurance that our current order book can be sustained in the future; nor can we provide any assurance that the orders currently in our order book will not be delayed, reduced in the scope of products and/or services requested, or cancelled. Such delay, reduction in scope of products and/or services requested, or cancellation may lead to an adverse effect on our business operations, financial performance and financial position.

Notwithstanding that we have enjoyed favourable growth in revenue during the Financial Years Under Review, there is no assurance that we will be able to sustain the revenue size and/or rate of growth in the future. In the event we are unable to continually secure adequate new orders from existing and new customers, our financial performance and financial position will be adversely affected.

9. RISK FACTORS (cont'd)

9.1.2 WE ARE DEPENDENT ON ONE OF OUR MAJOR SUPPLIERS

For the Financial Years Under Review, we were dependent on Shandong Vicel of China for the supply of cellulose casings. Purchases from Shandong Vicel accounted for 12.99%, 16.30%, 17.84% and 12.85% of our total purchase value respectively for the Financial Years Under Review. Shandong Vicel is the sole supplier for cellulose casings to our Group for the Financial Years Under Review, save for a one-off repurchase of cellulose casings amounting to RM0.07 million from one of our Group's customers to cater for an urgent need of another customer in the FYE 2020 (as disclosed under Section 7.18, Note (2) of this Prospectus). We are a distributor of Shandong Vicel's Vicel Speedy Peel Cellulose Casings in Indonesia for two (2) years commencing from 1 January 2024 based on the renewed and latest distribution agreement. However, there can be no assurance that Shandong Vicel will continue to grant us the distributorship upon the expiry of the current agreement or renew the agreement on similar terms.

Revenue from trading of cellulose casings contributed 11.11%, 12.86%, 13.36% and 11.92% of our Group's total revenue respectively for the Financial Years Under Review. In the event of sudden cessation or disruption to the supply of cellulose casings from Shandong Vicel and we are unable to deliver to our customers within their required timeframe, revenue from trading of cellulose casings will be affected which in turn, may adversely affect our operations and financial performance.

For the Financial Year Under Review and up to the LPD, we have not experienced any material disruptions such as cancellation or non-fulfilment of our purchase orders with our major suppliers including Shandong Vicel. Further details on our major suppliers are disclosed in Section 7.17 of this Prospectus. Nonetheless, the supply of cellulose casings from Shandong Vicel might be disrupted due to factors not fully within our control.

9.1.3 WE ARE EXPOSED TO RISK RELATING TO FLUCTUATIONS IN RAW MATERIAL PRICES

The raw materials required in our fabrication activities include stainless steel products and aluminium products among others. As such, we are dependent on the continuous supply of such raw materials which we source from various suppliers in Malaysia. These raw materials are commodities, and their prices are subject to fluctuations in global market prices. Any price hikes in raw materials caused by their shortages, which are beyond our control could result in increased costs and hinder our Group's business profitability particularly given that our Group cannot immediately or fully pass-on these costs to our recurring customers. Notwithstanding that we have not experienced any major fluctuation in prices of our raw materials that have materially affected our financial performance for the Financial Years Under Review and up to the LPD. Nonetheless, our Group's future financial performance might be hindered by fluctuations in raw material prices.

9.1.4 WE ARE DEPENDENT ON OUR EXECUTIVE DIRECTORS AND KEY SENIOR MANAGEMENT FOR THE CONTINUED SUCCESS AND GROWTH OF OUR BUSINESS

We believe that our continued success is dependent on the expertise, experience and efforts of our Executive Directors, Key Senior Management and other qualified personnel. Our ability to retain these qualified and competent personnel is vital towards ensuring the successful execution of our Group's business strategies because it can be difficult, time-consuming and expensive to identify replacement personnel with the required combination of technical know-how on product development and integration of robotic technology within our product offerings, skills and attributes. Therefore, our ability to attract and retain a highly-skilled and experienced workforce is crucial for our continued success, future business growth and prospects as well as implementation and execution of our business strategies and future plans as set out in Section 7.20 of this Prospectus.

Notwithstanding that we have put in place succession planning as well as compensation packages and reward schemes, there can be no assurance that we will be able to retain all of our Executive Directors, Key Senior Management and/or other qualified personnel in the future. The loss of any Executive Director and/or any of our Key Senior Management simultaneously or within a short time may create unfavourable or material impact on our Group's operations

9. RISK FACTORS (cont'd)

and the future growth of our business; which may ultimately affect the results of operations, performance and prospects of our Group if we are not able to replace or attract suitable talents in a timely manner.

For the Financial Years Under Review and up to the LPD, we have not experienced any loss of our Executive Directors, Key Senior Management or other qualified personnel which disrupted our Group's business operations and financial performance. Nonetheless, there can be no assurance that we would not encounter such challenge in the future.

9.1.5 WE ARE SUBJECT TO CREDIT RISKS BASED ON THE CREDIT PERIODS GRANTED TO OUR CUSTOMERS

We are subject to credit risks associated with our customers and our profitability and cash flows may be affected if our customers fail to make timely payments for the outstanding trade balances owing to us.

The normal credit periods granted by our Group to customers ranges from 0 to 180 days. The credit term for each customer may vary depending on various factors including the length of business relationship, their payment track record, creditworthiness and credit limit. Our trade receivables turnover period were 66 days, 57 days, 43 days and 29 days respectively for the Financial Years Under Review; which is within our normal credit period granted to our customers. Our Group's total trade receivables, net of allowance for impairment loss, stood at RM10.27 million as at 31 December 2023; of which RM6.74 million or 65.63% exceeded the normal credit period. As at the LPD, we have collected RM10.30 million or 78.69% of our Group's total trade receivables which were outstanding as at 31 December 2023.

We have not experienced any significant bad debts or major disputes with our trade receivables for the Financial Years Under Review. We assess the collectability of trade receivables on an individual customer basis and provide for impairment loss on receivables in the following manner: -

- (i) simplified approach using a provisional matrix to estimate lifetime expected credit loss in accordance with MFRS 9 *Financial Instruments*; and
- (ii) specific allowance for impairment on overdue balances where recoverability is ascertained to be uncertain based on our dealings with the customer.

The details on the allowance for impairment loss on receivables provided by us for the Financial Years Under Review are as follows: -

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Net allowance for impairment loss on receivables recognised during the financial year	110	866	80	301
PBT	7,742	13,853	15,579	19,155
Net allowance for impairment loss on receivables as a % of PBT	1.42	6.25	0.51	1.57

Whilst our finance team monitors collections from our customers regularly and follows up on any overdue amounts, there can be no assurance that the outstanding debts owing by our customers will be fully collected. Any default by our trade receivables to fulfil their debt obligations in the future may adversely affect our financial performance and financial position.

9. RISK FACTORS (cont'd)

9.1.6 WE MAY NOT BE ABLE TO SUCCESSFULLY EXECUTE OUR BUSINESS STRATEGIES AND FUTURE PLANS WHICH MAY HINDER OUR GROUP'S BUSINESS GROWTH AND SUCCESS

To grow our business and remain competitive, we intend to expand our business footprint and increase robotic footprint in food processing and packaging machinery solutions. Please refer to Section 7.20 of this Prospectus for further details on our business strategies and future plans.

The prospects and future growth of our business are dependent on our ability to implement and execute our business strategies and future plans effectively and promptly. The successful implementation of our business strategies and future plans may be affected by risk factors not fully within our control such as the general market and economic conditions, delay in completion of the construction of our new factory, customer acceptance level towards integration of robotic technology in the food processing and packaging machinery solutions offered by us, and the demand for our products and services may not match our enlarged capacity on an immediate basis. As such, there might be a delay or failure to implement any or all of our business strategies and future plans. In addition, even if we are able to successfully implement our business strategies and future plans, there can be no assurance that the actual outcomes and results would meet our original expectations.

Any delay or failure to implement any or all of our business strategies and future plans, or should the actual outcomes and results from any or all of our business strategies and future plans be less favourable than our original expectations, our business growth and success may be adversely affected which in turn, may have a negative effect on our financial performance and financial position.

9.1.7 WE ARE EXPOSED TO THE FLUCTUATIONS IN THE FOREIGN EXCHANGE RATES

We are exposed to foreign currency risk because some portion of our sales and purchases are transacted in foreign currencies namely the USD, EUR, NTD, SGD, IDR, RMB and PHP. As such, we are exposed to fluctuations in foreign exchange rates and any adverse movements in the foreign exchange markets may have a negative impact on our financial performance and operating results. For the Financial Years Under Review, our sales and purchases transactions denominated in local and foreign currencies are as follows: -

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales denominated								
- RM (local currency)	27,551	44.66	36,669	48.43	36,026	40.43	36,951	30.26
- USD	34,018	55.15	38,685	51.09	53,067	59.54	79,745	65.30
- EUR	15	0.02	147	0.19	16	0.02	809	0.66
- IDR	38	0.06	-	-	-	-	-	-
- SGD	67	0.11	216	0.29	5	0.01	4,611	3.78
	61,689	100.00	75,717	100.00	89,114	100.00	122,116	100.00
Purchases denominated								
- RM (local currency)	14,432	38.31	15,647	36.34	23,063	45.43	18,595	27.20
- USD	19,679	52.23	25,319	58.80	26,881	52.94	39,063	57.14
- EUR	1,358	3.60	325	0.75	45	0.09	1,402	2.05
- NTD	1,474	3.91	1,527	3.55	774	1.52	587	0.86
- PHP	-	-	4	0.01	8	0.02	-	-
- RMB	354	0.94	240	0.55	-	-	8,715	12.75
- IDR	379	1.01	-	-	-	-	-	-
Total	37,676	100.00	43,062	100.00	50,771	100.00	68,362	100.00

9. RISK FACTORS (cont'd)

The impact of foreign exchange fluctuations on our financial performance during the Financial Years Under Review are as follows: -

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Realised gain on foreign exchange	75	8	136	198
Unrealised gain on foreign exchange	180	216	181	307
Realised loss on foreign exchange	(195)	(192)	(24)	(217)
Unrealised loss on foreign exchange	(115)	(18)	(126)	(383)
Net (loss)/gain on foreign exchange	(55)	14	167	(95)
PBT	7,742	13,853	15,579	19,155
Net (loss)/gain on foreign exchange as a % of PBT	(0.71)	0.10	1.07	(0.50)

Our Group currently does not have a formal policy with respect to our foreign exchange transactions. Exposure on foreign exchange is monitored on an ongoing basis, and our Group endeavours to keep the net exposure within an acceptable level. Our Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Our Group does not use any financial instruments to hedge our exposure to fluctuation in foreign currency exchange rates. As at the LPD, we have not entered into any foreign exchange contracts as we endeavour to naturally hedge our foreign currency payments against our foreign currency collections. Nonetheless, we are subject to foreign exchange fluctuation risk for any mismatch in the purchases from our overseas suppliers and revenue from our sales to overseas customers. A depreciation of the RM against the foreign currencies may lead to higher costs of sales for our Group, whilst an appreciation of the RM against the foreign currencies may lead to lower sales and collections for our Group. Should such adverse event materialise, and we shall fail to pass on the adverse fluctuations to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin as a result of higher costs of sales or lower sales and collections.

9.1.8 WE ARE EXPOSED TO UNFAVOURABLE REGULATORY AND POLICY CHANGES RELATING TO THE HIRING OF FOREIGN WORKERS

We employ foreign workers in our business operations. As at the LPD, we have 42 foreign workers representing 26.75% of our total workforce. In Malaysia, the employment of foreign workers is subject to compliance with the laws and regulations enforced by the Immigration Department of Malaysia. Any unfavourable regulatory and policy changes relating to the hiring of foreign workers between Malaysia and the countries from which the foreign workers are sourced may adversely affect the availability of foreign workers, resulting in our Group not being able to continue employ new foreign workers or renew the working permit of existing foreign workers. In addition, any future increase to the minimum wages and/or any other costs associated with the hiring of foreign workers as implemented by the Government may result in an increase in our overall costs.

9.1.9 WE ARE EXPOSED TO RISK RELATING TO INADEQUACY ON INSURANCE COVERAGE ON OUR GROUP'S ASSETS AND EMPLOYEES

We are subject to risks such as fire, flood, accidents as well as public liability. As such, we have purchased insurance which include fire and burglary insurance, equipment insurance, public liability insurance, to provide coverage against any unforeseen event. Whilst we have taken the necessary steps to ensure that our insurance coverage is adequate for our operations and assets, it may not be adequate to fully compensate for the loss that we may suffer in the future. If we suffer losses that exceed the coverage provided by the insurance policies, it could have an adverse impact on our business, financial condition and results of operations.

9. RISK FACTORS (cont'd)

9.2 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES**9.2.1 WE OPERATE IN A COMPETITIVE ENVIRONMENT**

The industries that we operate in are competitive and characterised by rapid changes in technology, changing customer requirements and frequent introduction of new or improved products. Our competitors may have broader portfolio of products and/or services, longer operating track record, greater financial, technical, marketing, sales and other resources, higher profile, better funding for R&D or product and/or service development, more extensive international operations and/or a larger base of customers than we do.

Competitive pressures in the market or our failure to compete effectively may lead to reduced revenue, price reductions, reduced margins, loss of market share and inability to gain market share, any one of which could negatively impact the business operations and financial performance of our Group. Notwithstanding that our Group seeks to differentiate ourselves from our competitors by leveraging on our competitive strengths as set out in Section 7.19 of this Prospectus, there can be no assurance that we will be able to compete effectively against our existing and future competitors.

9.2.2 WE ARE SUBJECT TO RISKS RELATING TO GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES AS WELL AS THE OCCURRENCE OF FORCE MAJEURE EVENTS SUCH AS GLOBAL PANDEMIC RISKS

For the Financial Years Under Review and up to the LPD, we derived our revenue and sourced our purchases from both the local and overseas markets. As such, our financial performance and business prospects are subject to the political, economic and regulatory risks in Malaysia as well as all the other foreign countries that we are supplying to or sourcing from. Uncertainties in political, economic and regulatory conditions include, but are not limited to, changes in the political leadership leading to unstable political situation, changes in government legislations and policies affecting the manufacturing sector, general economic and business conditions, movement in interest rates, changes in accounting and taxation policies, inflation rate as well as renegotiation or nullification of existing contracts. Our business is also susceptible to the risks of any future uncontrolled and/or prolonged disease outbreaks such as the recent COVID-19 pandemic that could result in the interruptions of our business operations and adversely affect our financial performance.

As at the LPD, our conduct of business has not been severely restricted in the past save for the disruptions caused by the lockdown measures imposed to curb the COVID-19 pandemic. We will continue to adopt prudent management and precautionary measures. However, our Group's ability to conduct business and future financial performance, might be adversely impacted by any changes in the political, economic and regulatory conditions in Malaysia and/or other foreign countries that we are supplying to or sourcing from; as well as the occurrence of force majeure events.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES**9.3.1 NO PRIOR MARKET FOR OUR SHARES AND IT IS UNCERTAIN WHETHER A SUSTAINABLE MARKET WILL EVER DEVELOP**

Prior to our Listing, there has been no prior public market for our Shares. As such, there is no assurance that an active/liquid market for our Shares will develop upon Listing, or if developed, that such a market can be sustained.

In addition, as we are seeking a listing on the ACE Market, investment in our Shares may be perceived to be of higher investment risk as compared to companies listed on the Main Market of Bursa Securities. Please refer to the cautionary statement disclosed in the Cover Page of this Prospectus.

9. RISK FACTORS (cont'd)

Notwithstanding that the IPO Price was determined after taking into consideration the factors as set out in Section 4.6 of this Prospectus, there is also no assurance that the IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing and that the market price of our Shares will not decline below the IPO Price.

9.3.2 CAPITAL MARKET RISKS AND VOLATILITY OF OUR SHARE PRICE AND TRADING VOLUME

The performance of capital market is very much dependent on external factors such as the performance of the regional and global stock markets and the inflow or outflow of foreign funds. Market sentiment is also induced by factors such as economic and political conditions and growth potential of the various sectors of the economy. These factors constantly contribute to the volatility of share prices witnessed on capital market and this adds risks to the market price of our Shares. Nevertheless, our profitability is not dependent on the performance of capital market as our business activities have no direct correlation with the performance of securities listed on capital market.

The trading price and volume of our Shares may fluctuate significantly and rapidly due to, amongst others, the following factors where some of which are beyond our control: -

- (i) variations in our financial results and operations;
- (ii) success or failure of our Executive Directors and Key Senior Management in implementing business and growth strategies;
- (iii) gain or loss of an important business relationship;
- (iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (v) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other related events and factors;
- (vi) changes in market valuations and share prices of companies with similar business to our Group that may be listed on Bursa Securities;
- (vii) additions or departure of our Executive Directors or Key Senior Management;
- (viii) fluctuation in stock market prices and volume; and/or
- (ix) involvement in litigation.

In addition, many of the risks described herein could materially and adversely affect the market price of our Shares. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated. The market price and trading volume of our Shares might be subject to volatility due to market sentiments.

9.3.3 CONTROL BY OUR PROMOTERS

Upon Listing, our Promoters will collectively hold approximately 67.20% of our enlarged issued share capital. This provides them with voting control over our Group. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group including the election of Directors, the timing and payment of dividends. Our Promoters will be in the position to influence the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting either by law or by relevant guidelines or regulations.

As a step towards good corporate governance, we have appointed four (4) Independent Non-Executive Directors and set up an Audit and Risk Management Committee to ensure that,

9. RISK FACTORS (cont'd)

amongst others, all future transactions involving related parties are entered into on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders. Our Audit and Risk Management Committee will, in that sense, represents the interest of the minority shareholders and the general public at large.

Nonetheless, there can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders.

9.3.4 THE SALE, OR THE POSSIBLE SALE, OF A SUBSTANTIAL NUMBER OF OUR SHARES IN THE PUBLIC MARKET FOLLOWING OUR LISTING COULD ADVERSELY AFFECT THE MARKET PRICE OF OUR SHARES

Following the completion of our IPO and Listing, approximately 25.95% of our enlarged issued share capital will be held by public investors participating in our IPO; whilst approximately 74.05% of our enlarged issued share capital will be held by our Promoters, Directors and Key Senior Management who do not fulfil the definition of "Public" in accordance with the Listing Requirements collectively.

It is possible that our Promoters and substantial shareholders may dispose of some or all of their Shares after their respective moratorium period, pursuant to their own investment objectives. If our Promoters and substantial shareholders sell, or are perceived as intending to sell, a substantial amount of our Shares, the market price of our Shares could be adversely affected.

9.3.5 DELAY IN OR ABORTION OF OUR LISTING

The occurrences of any of the following events which could cause a delay in, or abortion of, our Listing: -

- (i) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligation thereunder;
- (ii) selected investors fail to subscribe for the portions of our IPO Shares allotted to them which have not been underwritten by the Underwriter;
- (iii) we are unable to meet the public shareholding spread requirement prescribed by Bursa Securities of at least 25.00% of our enlarged issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing; or
- (iv) the revocation of approvals from relevant authorities prior to our Listing or Admission for whatever reason.

Where prior to the issuance and allotment of our IPO Shares: -

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to have been withdrawn and cancelled and we shall repay without interest all monies received from the applicants and if any such money is not repaid within fourteen (14) days of stop order, we shall be liable to repay such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC from the expiration of that period pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any of our IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

9. RISK FACTORS (*cont'd*)

Where subsequent to the issuance and allotment of our IPO Shares: -

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within fourteen (14) days of stop order, we shall be liable to repay such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC from the expiration of that period pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules to the extent that our IPO Shares form part of our share capital. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting, supported by either:
 - (i) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya; or
 - (ii) a solvency statement from the directors.

Therefore, there is a risk that monies paid in respect of our IPO Shares cannot be recovered in a timely manner.

Nonetheless, we will endeavour to ensure compliance with the Listing Requirements and all other applicable regulatory requirements for our successful listing on the ACE Market of Bursa Securities.

9.3.6 UNCERTAINTY OF DIVIDEND PAYMENTS

Our ability to declare dividends to our shareholders is dependent on, amongst others, our future financial performance, cash flows position, capital requirements and other obligations, and our ability to implement our business strategies and future plans. Deterioration of these factors could have an effect on our business, which in turn will affect our ability to declare dividends to our shareholders. As such, there is no assurance that we will be able to pay dividends to our shareholders subsequent to our Listing.

Dividends payments are not guaranteed, and our Board may decide, at its discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

10.1 RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS

Pursuant to the Listing Requirements, a “related party transaction” is a transaction entered into by a listed corporation or its subsidiaries that involves the interest (direct or indirect) of a related party. A “related party” of a listed corporation is: -

- (i) a director, having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiaries or holding company or a chief executive of the listed corporation, its subsidiaries or holding company; or
- (ii) a major shareholder including any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation, its subsidiaries or holding company, having an interest or interests in one (1) or more voting shares in a corporation and the number or aggregate number of those shares is:-
 - (a) 10% or more of the total number of voting shares in the corporation; or
 - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) a person connected with such director or major shareholder.

Pursuant to Rule 10.09 of the Listing Requirements, a listed issuer may seek a mandate from its shareholders' for related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of the listed corporation or its subsidiaries subject to, amongst others, the following: -

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under the Listing Requirements;
- (iii) the circular to the shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities; and
- (iv) in a meeting to obtain shareholders' approval on the mandate: -
 - (a) a related party with any interest, direct or indirect (“**interested related party**”), must not vote on the resolution in respect of the related party transaction;
 - (b) an interested related party who is a director or major shareholder must ensure that persons connected with them abstain from voting on the resolution in respect of the related party transaction; and
 - (c) where the interested related party is a person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution in respect of the related party transaction.

Our Group may, in the ordinary course of our business, enter into transactions, including but not limited to the related party transactions, with persons who are considered “related party” as defined in the Listing Requirements.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Due to the time-sensitive nature of commercial transactions, the shareholders' mandate will enable us, in our normal course of business, to enter into different categories of related party transactions, provided such recurrent related party transactions are made at arm's length and on normal commercial terms.

Upon Listing, our Audit and Risk Management Committee will supervise the terms of related party transactions and our Directors will report related party transactions, if any, by way of making announcements to Bursa Securities where applicable and through disclosure in our Company's interim report published quarterly and our Company's annual report published annually.

If there are any proposed related party transactions that involve the interest (direct or indirect) of our Director, the interested Director shall disclose his interest to our Board, the details of the nature and extent of his interest, including all matters in relation to the proposed related party transactions that he is aware or should reasonably be aware of, which is not in our best interests. The interested Director shall also abstain from any Board deliberation and voting on the relevant resolutions in respect of such proposed related-party transactions.

If there are any proposed related party transactions that require the prior approval of shareholders, the Director, major shareholder and/or persons connected with such Director or major shareholder, who has any interest (direct or indirect) in the proposed related party transaction shall abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned shall also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Director and/or major shareholder shall also undertake to ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

10.1.1 Related party transactions

Save as disclosed below, there is no other material related party transaction (being related party transaction with transaction value of RM200,000 or above) entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them which are significant in relation to the business of our Group for the Financial Years Under Review and up to the LPD: -

Transacting company in our Group	Related party	Interested Director/substantial shareholder/person connected	Nature of relationship with related party	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	Up to the LPD RM'000
EP Machinery	Perfect Solution System Sdn. Bhd. (formerly known as Easy Pack Machinery (East Coast) Sdn. Bhd.) ⁽⁹⁾	Yeoh Chee Min	Yeoh Chee Min is the Promoter, Director and substantial shareholder of EPB Group He was the director and presently the shareholder of Perfect Solution System Sdn. Bhd.	Sale of food processing and packaging machinery solutions to Perfect Solution System Sdn. Bhd. ⁽¹⁾	1,527 (2.48% of our Group's revenue)	718 (0.95% of our Group's revenue)	-	-	-
EP Machinery	EC System Sdn. Bhd. (formerly known as Easy Pack Technology Sdn. Bhd.) ⁽⁹⁾	Yeoh Chee Min and Ooi Kim Kew	Yeoh Chee Min and Ooi Kim Kew are the Promoters, Directors and substantial shareholders of EPB Group They were the directors and presently the shareholders of EC Trading System Sdn. Bhd.	Purchase of property, plant and equipment from EC Trading System Sdn. Bhd. Purchase of food processing and packaging machinery and components from EC Trading System Sdn. Bhd. ⁽⁴⁾	1,278 (2.22% of our Group's total assets) ⁽²⁾	160 (0.23% of our Group's total assets) ⁽³⁾	-	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting company in our Group	Related party	Interested Director/ substantial shareholder/ person connected	Nature of relationship with related party	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	Up to the LPD RM'000
EP Machinery	HM Solutions Partner Sdn. Bhd. (formerly known as Evergreen Cove Sdn. Bhd.)	Yeoh Chee Min and Goh Toh Sin	Yeoh Chee Min is the Promoter, Director and substantial shareholder while Goh Toh Sin is the Key Senior Management of EPB Group They were the directors and shareholders of HM Solutions Partner Sdn. Bhd.	Sale of food processing and packaging machinery solutions to HM Solutions Partner Sdn. Bhd. ⁽⁶⁾	*	264 (0.35% of our Group's revenue)	-(6)	Not applicable as no longer a related party	Not applicable as no longer a related party
EP Machinery	L&A Technology Solution Sdn. Bhd. (formerly known as Easy Pack Machinery (Borneo) Sdn. Bhd.) ⁽⁹⁾	Yeoh Chee Min and Ooi Kim Kew	Yeoh Chee Min and Ooi Kim Kew are the Promoters, Directors and substantial shareholders of EPB Group They were the directors and presently the shareholders of L&A Technology Solution Sdn. Bhd.	Sale of food processing and packaging machinery solutions to L&A Technology Solution Sdn. Bhd. ⁽¹⁾	593 (0.96% of our Group's revenue)	192 (0.25% of our Group's revenue)	-	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting company in our Group	Related party	Interested Director/substantial shareholder/person connected	Nature of relationship with related party	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	Up to the LPD RM'000
EP Machinery	EC Steel (M) Sdn. Bhd.	Yeoh Chee Min and Tan Cheng Cheng	Yeoh Chee Min is the Promoter, Director and substantial shareholder while Tan Cheng Cheng is the Key Senior Management of EPB Group They were the directors and shareholders of EC Steel (M) Sdn. Bhd.	Purchase of food processing and packaging machinery and components from EC Steel (M) Sdn. Bhd. ⁽⁶⁾	512 (1.24% of our Group's COS)	398 (0.79% of our Group's COS)	Not applicable as no longer a related party	Not applicable as no longer a related party	Not applicable as no longer a related party
EP Machinery	Easypreneur Dev Sdn. Bhd. ⁽⁹⁾	Yeoh Chee Min and Goh Toh Sin	Yeoh Chee Min is the Promoter, Director and substantial shareholder while Goh Toh Sin is the Key Senior Management of EPB Group They were the directors and presently shareholders of Easypreneur Dev Sdn. Bhd.	Sales charged by Easypreneur Dev Sdn. Bhd. ⁽⁷⁾ Purchase of property, plant and equipment from Easypreneur Dev Sdn. Bhd. ⁽³⁾	385 (8.01% of our Group's selling and distribution expenses)	346 (9.50% of our Group's selling and distribution expenses)	-	-	-
					-	*	300 (0.36% of our Group's total assets)	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Transacting company in our Group	Related party	Interested Director/ substantial shareholder/ person connected	Nature of relationship with related party	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	Up to the LPD RM'000
BW Perkasa UAE	PT Bestworld Perkasa	Yeow Song You	Yeow Song You is the Key Senior Management of EPB Group and the Director of BW Engineering	Fees for marketing services charged by PT Bestworld Perkasa	-	-	432 (5.65% of our Group's selling and distribution expenses) ⁽⁸⁾⁽ⁱ⁾	438 (4.17% of our Group's selling and distribution expenses)	189 ⁽⁸⁾⁽ⁱⁱ⁾
			Yeow Song Yan is the sibling of Yeow Song You who is also the controlling shareholder of PT Bestworld Perkasa						

Notes: -

* Less than a thousand.

- (1) These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to EP Machinery's approved intermediary price list. The approved intermediary price list is a price list set by our Group to guide the selling price for transaction with customers who are not end-users of our product (such as trading companies who will be responsible for securing and dealing with their own end-users), and would be adopted for transactions with similar terms and arrangements, regardless of whether it is with a related party or a third party ("**Approved Intermediary Price List**"). Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group. Such transactions have not recurred since the FYE 2022 as the related companies are currently dormant as at the LPD.
- (2) The transaction was not carried out on an arm's length basis. The transaction value was determined by reference to the NBV as recorded in the books of the related party, after taking into consideration the conditions of the asset items and the income tax provisions particularly tax ruling pertaining to "controlled transfer" (being disposal of asset between parties under common control). The related company has been dormant since the FYE 2021, and asset items have been taken over and used by EP Machinery. Notwithstanding the above, our Directors (save for interested Directors) are of the opinion that the transaction was neither unfavourable nor detrimental to our Group as the transaction allowed our Group taking over asset items that can be used in our operations at NBV, which involved lower capital outlay as compared to new acquisitions which would cost higher capital outlay. The transaction is a one-off transaction.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

- (3) *Consist of used motor vehicles sold to EP Machinery. These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to the market price range indicated by third parties and after taking into consideration the conditions of the used motor vehicles. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group. These transactions are one-off transactions.*
- (4) *Consist of inventory items taken over in bulk by EP Machinery. The transaction was carried out on an arm's length basis, as the transaction value was determined by reference to cost quotation for similar inventory items by external suppliers and after taking into consideration the conditions of the inventory items and additional fabrication/assembly works performed by the related party on the inventory items. Based on the above, our Directors (save for interested Directors) are of the opinion that the transaction was neither unfavourable nor detrimental to our Group. The transaction is a one-off transaction.*
- (5) *These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to EP Machinery's Approved Intermediary Price List. The Approved Intermediary Price List would be adopted for transaction with similar terms and arrangement, regardless of whether it is with related party or third party. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group.*
- HM Solutions Partner Sdn. Bhd. (formerly known as Evergreen Cove Sdn. Bhd.) has ceased to be a related party at beginning of the FYE 2022, as Yeoh Chee Min has ceased to be director and shareholder of the company in June 2019 and July 2019 respectively; while Goh Toh Sin has ceased to be director and shareholder of the company in January 2022. Yeoh Chee Min's entire shareholdings in HM Solutions Partner Sdn. Bhd. were disposed to Goh Toh Sin on 5 July 2019. At that point in time, the company was involved in trading of coffee bean, designing, developing of artworks and supplying of printing material and related products and transportation agent, and general trading. On 14 January 2022, Goh Toh Sin's entire shareholdings in HM Solutions Partner Sdn. Bhd. were disposed to Mohamed Habib Bin Din. Prior to the disposal of shares to Mohamed Habib Bin Din and up to 4 January 2022, the company was acting as commission agent to sell packaging machines and was involved in general trading, designing, developing of artworks and supplying of printing material and related products, transportation agent and investment holding. Subsequent to the disposal and as at the LPD, the company is involved in receiving commission from selling packaging machine and general trading, designing, developing artworks and supplying of printing material and related products, transportation agent, agricultural, food and beverages supplies and raw materials, and investment holdings. The values disclosed herein consist of transactions up to the point where the said company ceased to be a related party.*
- (6) *These transactions were carried out on an arm's length basis, as the transaction values were negotiated on a willing-buyer willing-seller basis where our Group will only accept the quotation of the related party if the costing is within our Group's budget and the resultant profit margin that can be derived from the subsequent sale of the products is within the norm of the Group. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group.*
- EC Steel (M) Sdn. Bhd. has ceased to be a related party at end of the FYE 2021, as Yeoh Chee Min has ceased to be director and shareholder of the company in November 2021; while Tan Cheng Cheng has ceased to be director and shareholder of the company in August 2021 and September 2021 respectively. Yeoh Chee Min disposed of his entire shareholdings in EC Steel (M) Sdn. Bhd. to Chan Han Wei and Chan Han Yau on 23 November 2021 and Tan Cheng Cheng disposed of her entire shareholdings in EC Steel (M) Sdn. Bhd. to Chan Han Wei on 17 September 2021. At that point in time, the company was involved in the business of trading and manufacturing stainless-steel products. The values disclosed herein consist of transactions up to the point where the said company ceased to be a related party.*
- (7) *The sales commissions paid to related company by EP Machinery was determined based on the differential sum between the actual sales values invoiced by EP Machinery to the end customers (which were secured on behalf of EP Machinery by the related party) and the corresponding selling prices as per EP Machinery's Approved Intermediary Price List. These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to EP Machinery's Approved Intermediary Price List. The Approved Intermediary Price List would be adopted for transaction with similar*

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

terms and arrangement, regardless of whether it is with related party or third party. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group. Such transactions have not recurred since the FYE 2022 as the related company is currently dormant and is in the midst of realising its assets and settling its liabilities as at the LPD. The expected timeframe for dissolution is within the financial year ending 31 December 2026.

(8) *PT Bestworld Perkasa was incorporated in 2005 to undertake marketing activities and after-sale services in Indonesia, and was formerly owned by Yeoh Chee Min and Liew Meng Hooi. The business activities of PT Bestworld Perkasa were managed by a separate management team. Taking into consideration the business activities of PT Bestworld Perkasa are ancillary in nature and the profit level of PT Bestworld Perkasa was not significant (approximately RM0.30 million in year 2021), Yeoh Chee Min and Liew Meng Hooi had resolved to allow the management team of PT Bestworld Perkasa to take over the ownership of PT Bestworld Perkasa on 30 December 2021 in order to focus on the core business operations of our Group. As such, PT Bestworld Perkasa is not included in the formation of our Group. These transactions were carried out on an arm's length basis, as the transaction values were determined by reference to the prevailing charges imposed by external party for similar services. Based on the above, our Directors (save for interested Directors) are of the opinion that the transactions were neither unfavourable nor detrimental to our Group.*

PT Bestworld Perkasa continues to be considered as a related party merely because its controlling shareholder, Yeow Song Yan, is the sibling of Yeow Song You, who is the Key Senior Management of EPB Group and the Director of BW Engineering. Our Group continues to transact with PT Bestworld Perkasa because its management team has demonstrated their capabilities in carrying out marketing services and after-sale services for Indonesian market in the past. For the FYE 2022, sales to customer identified by PT Bestworld Perkasa (as our agent for Indonesia) amounted to RM5.31 million.

(ii) *BW Perkasa UAE has entered into a service agreement with PT Bestworld Perkasa on 1 January 2023, to engage PT Bestworld Perkasa as the sales agent to promote and provide marketing services for our food processing and packaging machinery solutions in Indonesia; for an initial duration of three (3) years from the date of agreement and at a monthly service fee of USD8,000 (equivalent to RM37,660 based on the exchange rate of RM4.7075:USD1.00 as at the LPD). The said service agreement may be renewed for a further term of three (3) years by way of one (1) month prior written notice delivered by either party to the other party prior to the expiry of the agreement. Upon the occurrence of any event of default, the non-defaulting party shall give notice in writing to the defaulting party to remedy the event of default within thirty (30) days of the receipt of such notice. In the event that the defaulting party shall fail to remedy upon the expiry of the said thirty (30) days period, the non-defaulting party shall be entitled to terminate the said agreement and will not result in any penalty being payable.*

(9) *As at the LPD, these companies are dormant and are in the midst of realising their assets and settling their liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.*

Upon Listing, our Audit and Risk Management Committee will review and monitor the terms of any related party transactions and ensure that any non-recurrent related party transactions and recurrent related party transactions are carried out on an arm's length basis and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of our Group.

In addition, we will adhere to the requirements under the Listing Requirements in relation to related party transactions and recurrent related party transactions, including making the necessary announcements to Bursa Securities or obtaining shareholders' approval as may be necessary. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (*cont'd*)

Furthermore, the interested Directors shall abstain from deliberation and voting at the relevant Board meetings and interested Directors and major shareholders shall abstain and procure persons connected to them from voting at the general meetings held to approve the resolutions relating to the related party transactions and/or recurrent related party transactions. After our IPO and Listing, for recurrent related party transactions, we will obtain an annual mandate from our shareholders at general meetings, if required.

10.1.2 Transaction that are unusual in nature or conditions

Our Group has not entered into any transactions, that are unusual in nature or condition involving goods, services, tangible or intangible assets, with related parties during the Financial Years Under Review and up to the LPD.

10.1.3 Outstanding loans made for the benefit of the related parties

There are no outstanding loans (including guarantees of any kind) and financial assistance made by us to or for the benefit of any related party as at the LPD.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

10.2 CONFLICTS OF INTEREST

10.2.1 Interest in similar business

As at the LPD, save as disclosed below, none of our Directors, Key Senior Management and/or substantial shareholders have any interest, whether direct or indirect, in other businesses or corporations which are carrying on a similar trade to that of our Group: -

Name of company	Affected person	Nature of business	Position (Director/ shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	%	No. of shares held	%	
L&A Technology Solution Sdn. Bhd. (formerly known as Easy Pack Machinery (Borneo) Sdn. Bhd.)	Yeoh Chee Min Ooi Kim Kew	Previously involved in trading and dealing in all kinds of packing machinery	Shareholder Shareholder	246,400 61,600	80.0 20.0	61,600 246,400	20.0 ⁽¹⁾ 80.0 ⁽²⁾	The conflict of interest arose due to involvement of the company in similar trade with the EPB Group in the prior years. The Board is of the view that the necessary steps have been taken to mitigate the potential conflict of interest in view of the following: - (i) the company is currently dormant as at the LPD; (ii) both Yeoh Chee Min and Ooi Kim Kew have ceased as directors of the company on 30 December 2022; and (iii) the company is in the midst of realising its assets and settling its liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Name of company	Affected person	Nature of business	Position (Director/ shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	%	No. of shares held	%	
Perfect Solution System Sdn. Bhd. (formerly known as Easy Pack Machinery (East Coast) Sdn. Bhd.)	Yeoh Chee Min	Previously involved in trading and dealing in all kinds of packaging machinery	Shareholder	39,000	60.0	-	-	<p>The conflict of interest arose due to involvement of the company in similar trade with the EPB Group in the prior years. The Board is of the view that the necessary steps have been taken to mitigate the potential conflict of interest in view of the following: -</p> <p>(i) the company is currently dormant as at the LPD;</p> <p>(ii) Yeoh Chee Min has ceased as director of the company on 30 December 2022; and</p> <p>(iii) the company is in the midst of realising its assets and settling its liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.</p>

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Name of company	Affected person	Nature of business	Position (Director/ shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	%	No. of shares held	%	
EC Trading System Sdn. Bhd. (formerly known as Easy Pack Technology Sdn. Bhd.)	Yeoh Chee Min	Previously involved in manufacturing of automated food packaging machines and parts	Shareholder	61,000	61.0	39,000	39.0 ⁽¹⁾	The conflict of interest arose due to involvement of the company in similar trade with the EPB Group in the prior years. The Board is of the view that the necessary steps have been taken to mitigate the potential conflict of interest in view of the following: - (i) the company is currently dormant as at the LPD; (ii) both Yeoh Chee Min and Ooi Kim Kew have ceased as directors of the company on 30 December 2022; and (iii) the company is in the midst of realising its assets and settling its liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.
	Ooi Kim Kew			39,000	39.0	61,000	61.0 ⁽²⁾	

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Name of company	Affected person	Nature of business	Position (Director/ shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	%	No. of shares held	%	
Easypreneur Dev Sdn. Bhd.	Yeoh Chee Min	Marketing commission agent	Shareholder	50	50.0	-	-	The conflict of interest arose due to involvement of the company in similar trade with the EPB Group in the prior years. The Board is of the view that the necessary steps have been taken to mitigate the potential conflict of interest in view of the following: - (i) the company is currently dormant as at the LPD; (ii) both Yeoh Chee Min and Goh Toh Sin have ceased as directors of the company on 28 February 2023; and (iii) the company is in the midst of realising its assets and settling its liabilities, so that it can be dissolved eventually. The expected timeframe for dissolution is within the financial year ending 31 December 2026.
	Goh Toh Sin			50	50.0	-	-	

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Name of company	Affected person	Nature of business	Position (Director/ shareholder)	Direct		Indirect		Mitigating factor
				No. of shares held	%	No. of shares held	%	
Food Technovation Sdn. Bhd.	Yeoh Chee Min	<p>1. To provide consultation on food regulations, labelling equipment, food safety and defense</p> <p>2. To develop, design of processes, choice of packaging materials, shelf life studies and sensory evaluation for food products.</p>	Shareholder	300	30.0	-	-	<p>The conflict of interest arose due to involvement of the company in similar trade with the EPB Group in the prior years. The Board is of the view that the necessary steps have been taken to mitigate the potential conflict of interest in view of the following: -</p> <p>(i) the company has not commenced its operations since its incorporation on 10 December 2021 and is currently dormant as at the LPD;</p> <p>(ii) both Yeoh Chee Min and Goh Toh Sin have ceased as directors of the company on 28 February 2023; and</p> <p>(iii) the company has been dissolved on 4 September 2023.</p>
	Goh Toh Sin			300	30.0	-	-	

Notes:-

(1) Deemed interested by virtue of the interests of his spouse, Ooi Kim Kew.

(2) Deemed interested by virtue of the interests of her spouse, Yeoh Chee Min.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

Save as disclosed above, the Board confirms that there is no other situation of conflict of interest and potential conflict of interest which have not been disclosed.

Upon Listing, our Directors, Key Senior Management and/or substantial shareholders will be required to disclose any conflict of interest situation to our Audit and Risk Management Committee as and when it arises and to abstain on deliberation and/or voting in respect of transactions in which they have an interest. Our Audit and Risk Management Committee will review such conflict of interest situation whenever declared or brought to their attention, and take the necessary steps to resolve or mitigate such conflict of interest situation in the best interests of our Group.

10.2.2 Interest in other business or corporations which are customers or suppliers of our Group

As at the LPD, none of our Directors, Key Senior Management or substantial shareholders have any interest, direct or indirect, in any business or corporations which are the customers or suppliers of our Group.

10.2.3 Promotions of material assets acquired/to be acquired within the three (3) financial years preceding the date of this Prospectus

Save for the SSAs as disclosed in Section 6.4 of this Prospectus, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of, or in any material assets, which had been within the Financial Years Under Review, acquired or proposed to be acquired by, disposed of or proposed to be disposed of to/by, or leased or proposed to be leased to/by, us.

10.2.4 Declarations of conflict of interest by our advisers

- (i) Malacca Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for the Listing.
- (ii) WYNCORP Advisory Sdn. Bhd. has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Corporate Finance Adviser for the Listing.
- (iii) Ghazi & Lim has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for the Listing.
- (iv) Folks DFK has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for the Listing.
- (v) Protégé has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for the Listing.
- (vi) Kong Sown Kaey and Ong Lu See have given their written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in their capacity as the company secretaries for the Listing.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

- (vii) GovernAce Advisory & Solutions Sdn. Bhd. has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the internal control reviewer for the Listing.
- (viii) Boardroom has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Share Registrar for the Listing.
- (ix) MIH has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Issuing House for the Listing.

10.3 SALIENT TERMS OF ENGAGEMENT AND SCOPE OF WORK OF OUR CORPORATE FINANCE ADVISER

The salient terms of engagement and scope of work of our Corporate Finance Adviser are, amongst others, as follows: -

- (i) in consultation with our Promoters and Principal Adviser, advising on the Pre-Listing Exercise and equity structure of our Company in preparation for the Listing;
- (ii) in consultation with our Promoters and Principal Adviser, assisting the Company on conceptualising, planning and implementing the Listing, including the offer structure, size and method of achieving the optimal public shareholding spread, pricing of the Shares, the enlarged issued share capital and other related capital/financial matters. For the avoidance of doubt, the role of the Corporate Finance Adviser does not involve underwriting and placement of Shares in relation to our IPO;
- (iii) in consultation with our Promoters and Principal Adviser, assisting the Company in reviewing the submission documents and this Prospectus and, where applicable, advising on relevant matters that may arise in the process of implementation of our Listing;
- (iv) together with the Principal Adviser, advising the Company on the regulatory requirements and compliance matters, including the appropriate corporate governance structure, in relation to our Listing; and
- (v) participating in the due diligence working group to verify the information, data, documents and representations by our Directors contained in this Prospectus and submissions to the relevant authorities, as agreed in the due diligence planning memorandum.